

Perspectives on Major Markets

Southern California

Visitor Industry Outlook Conference

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Research Manager, California Tourism

October 7, 2005





2004 in Review

- Governor Arnold Schwarzenegger elected
- US and CA economies on the mend
- Rising gas prices
- Low air fares
- Weak dollar
- Travel industry recovery



Travel Industry Recovery

- US tourism industry growth +6.7%
- US hotel occupancy +3.7%
- US Av. room rates +4.0%
- CA travel spending +7.4%
- CA domestic visitors +4.8%
- CA overseas visitors +5.6%

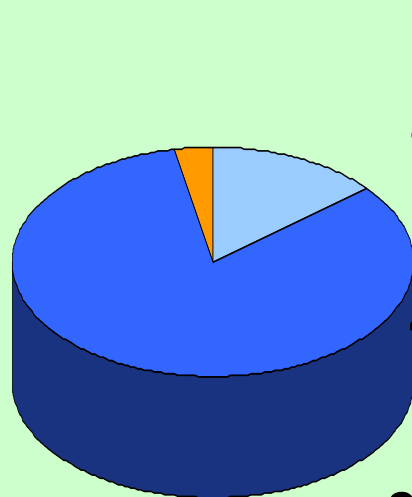


California Travel and Tourism

2003 - 2004

2003

308 Million PTs



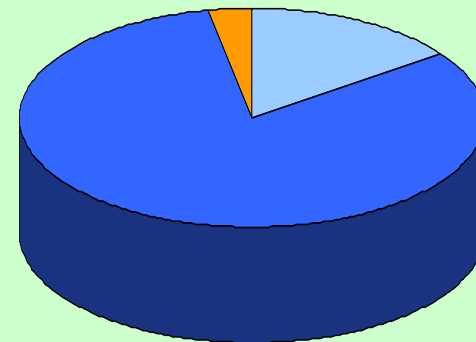
Int'l
8.5M 8.9M

Out-of-State
45.3M 48.6M

In-State
254.6M 265.7M

2004

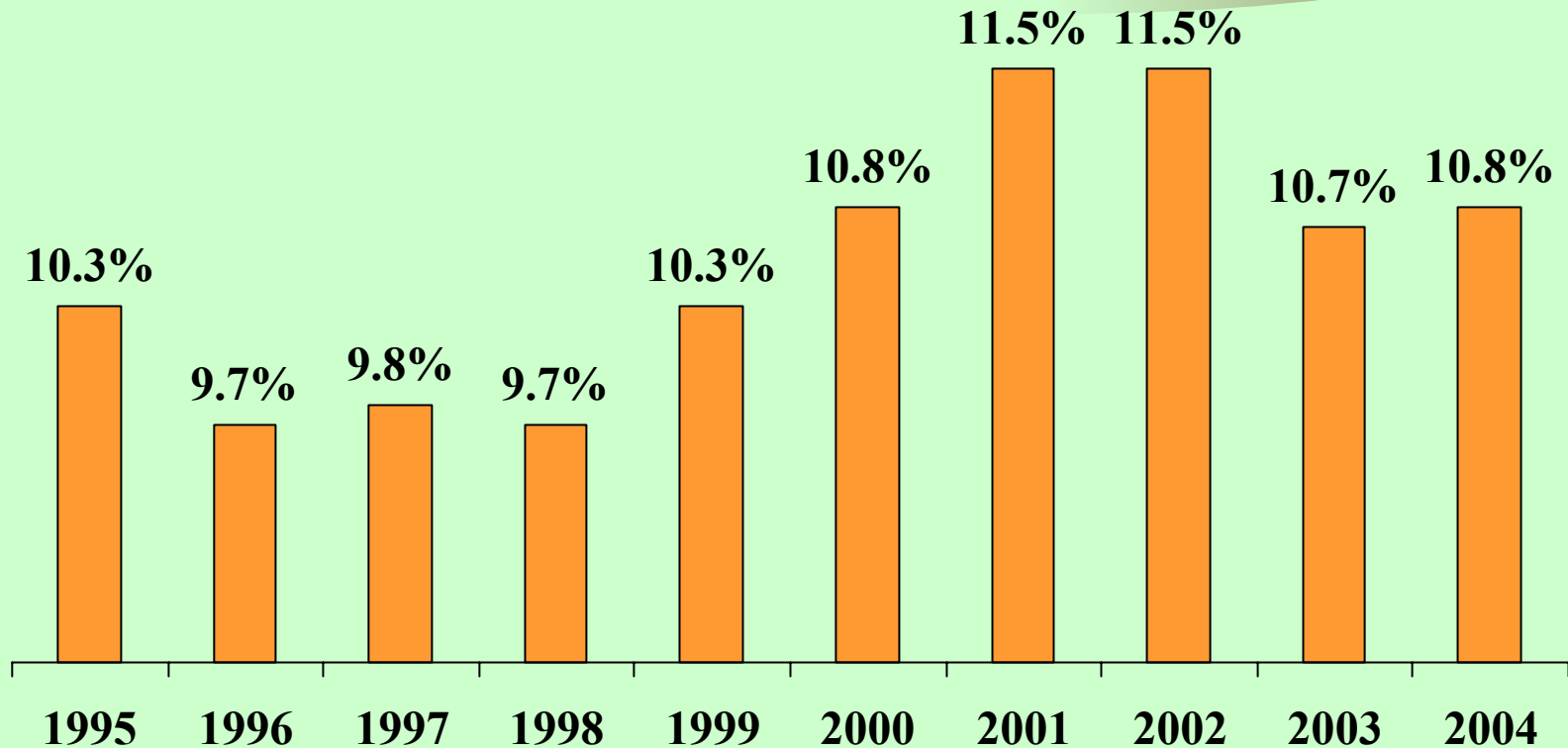
323 Million PTs



+ 4.9%



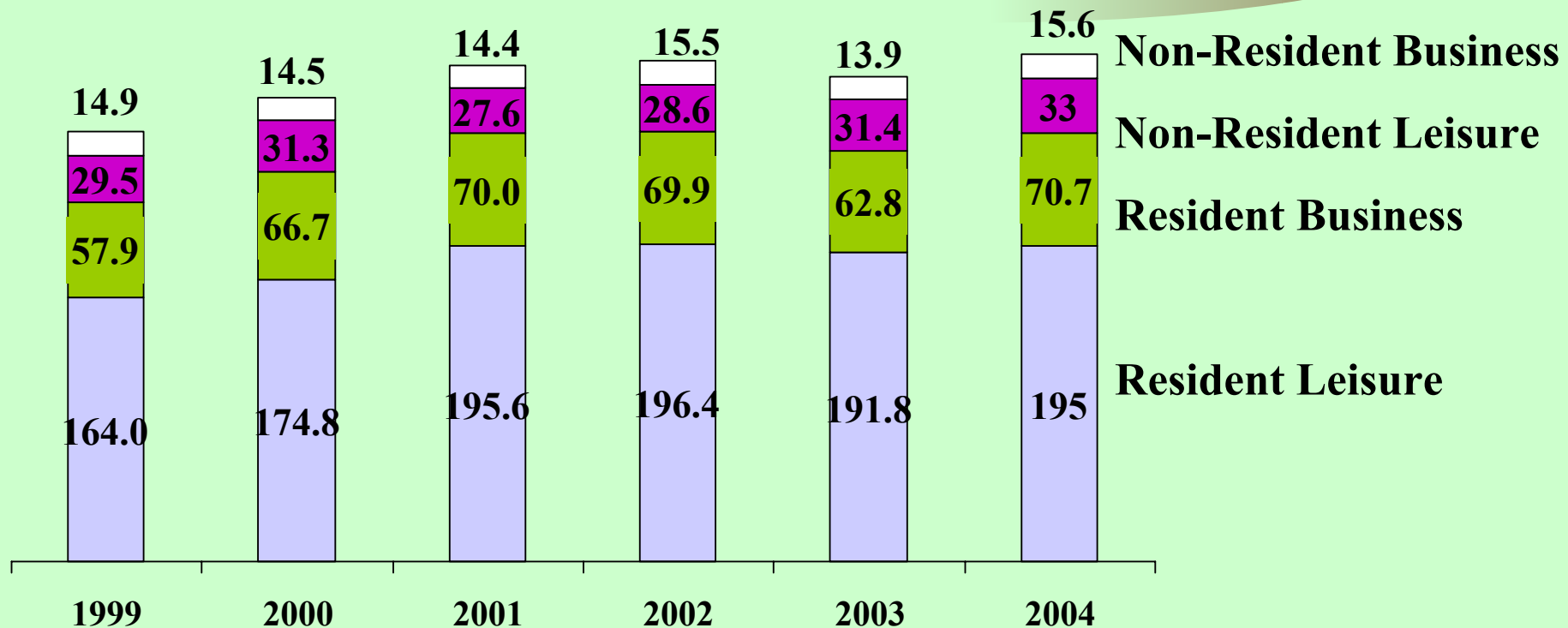
California Domestic Market Share (% US person-trips)





CA Domestic Volume by Segment

(Millions of person-trips)

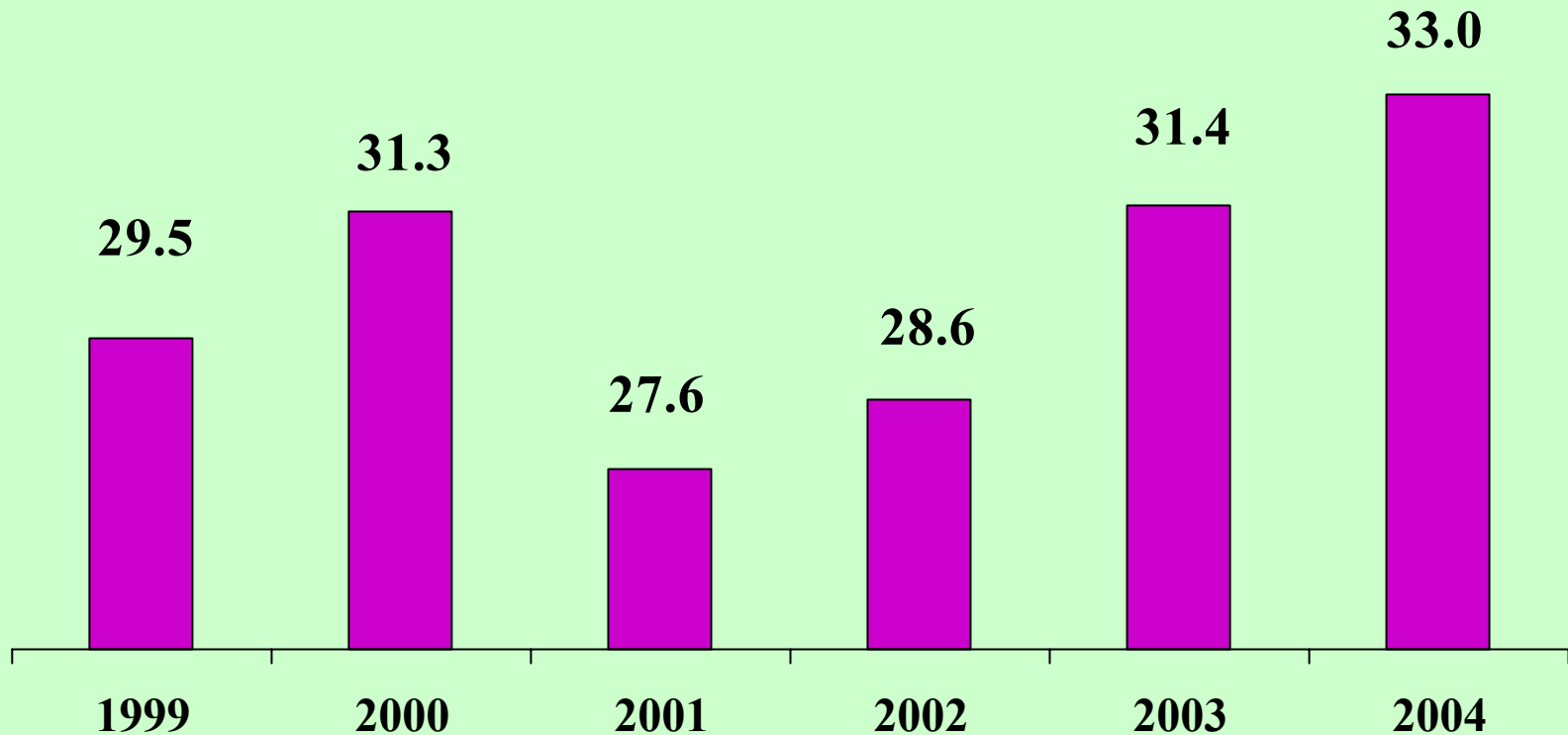


Source: D.K. Shifflet & Associates Ltd.; California Tourism Research



CA Non-Resident Leisure Volume

(Millions of person-trips)

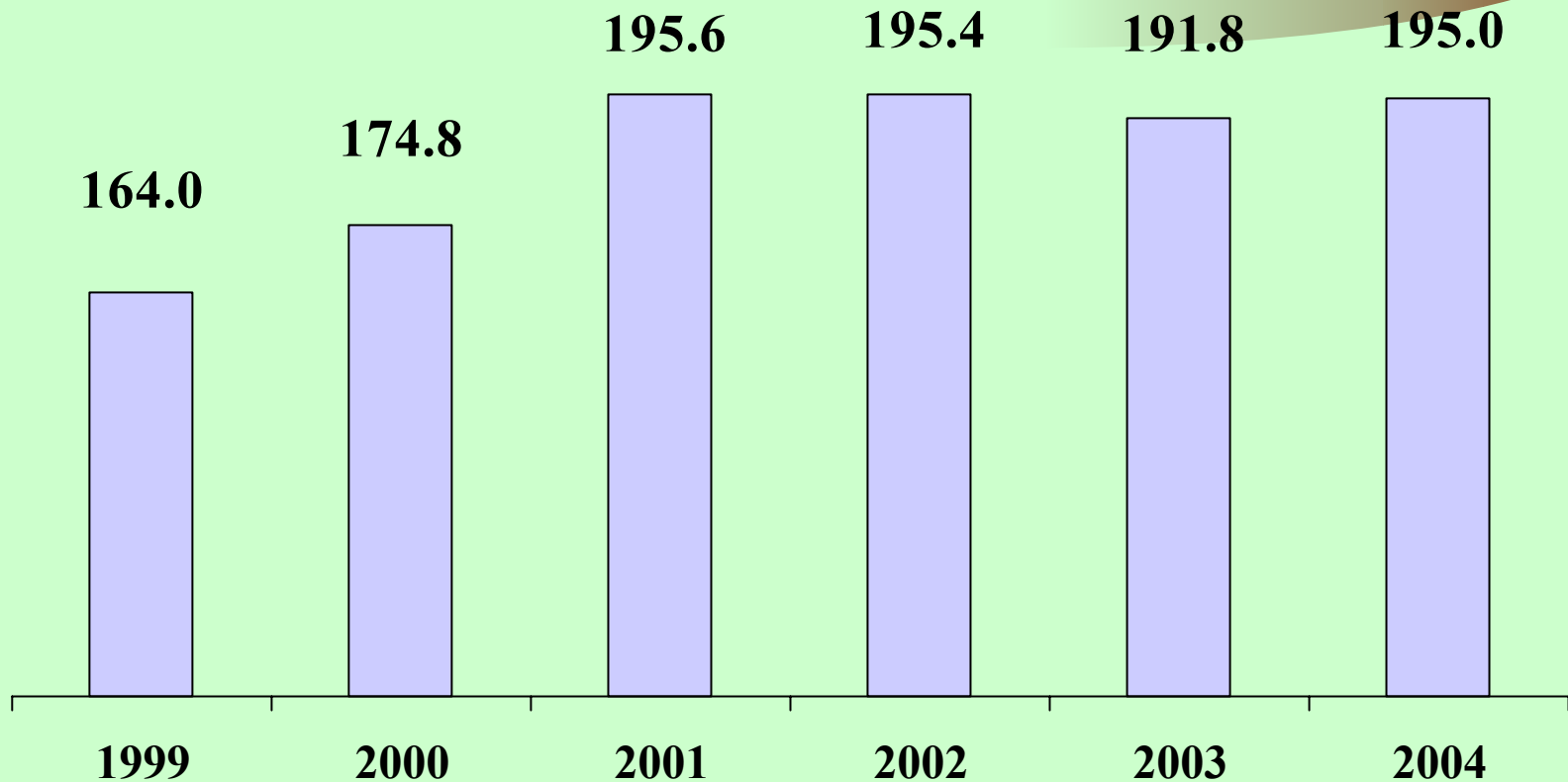


Source: D.K. Shifflet & Associates Ltd.; California Tourism Research



CA Resident Leisure Volume

(Millions of person-trips)



Source: D.K. Shifflet & Associates Ltd.; California Tourism Research



2005 in Review

- \$7.3 M state funding restored to California Tourism
- CTTC partnership with Southwest Airlines
- California Ski/Snow Sports Campaign
- US funds international campaigns
- Katrina and Rita devastation
- *Really* high fuel prices
- Retail sales drop in August



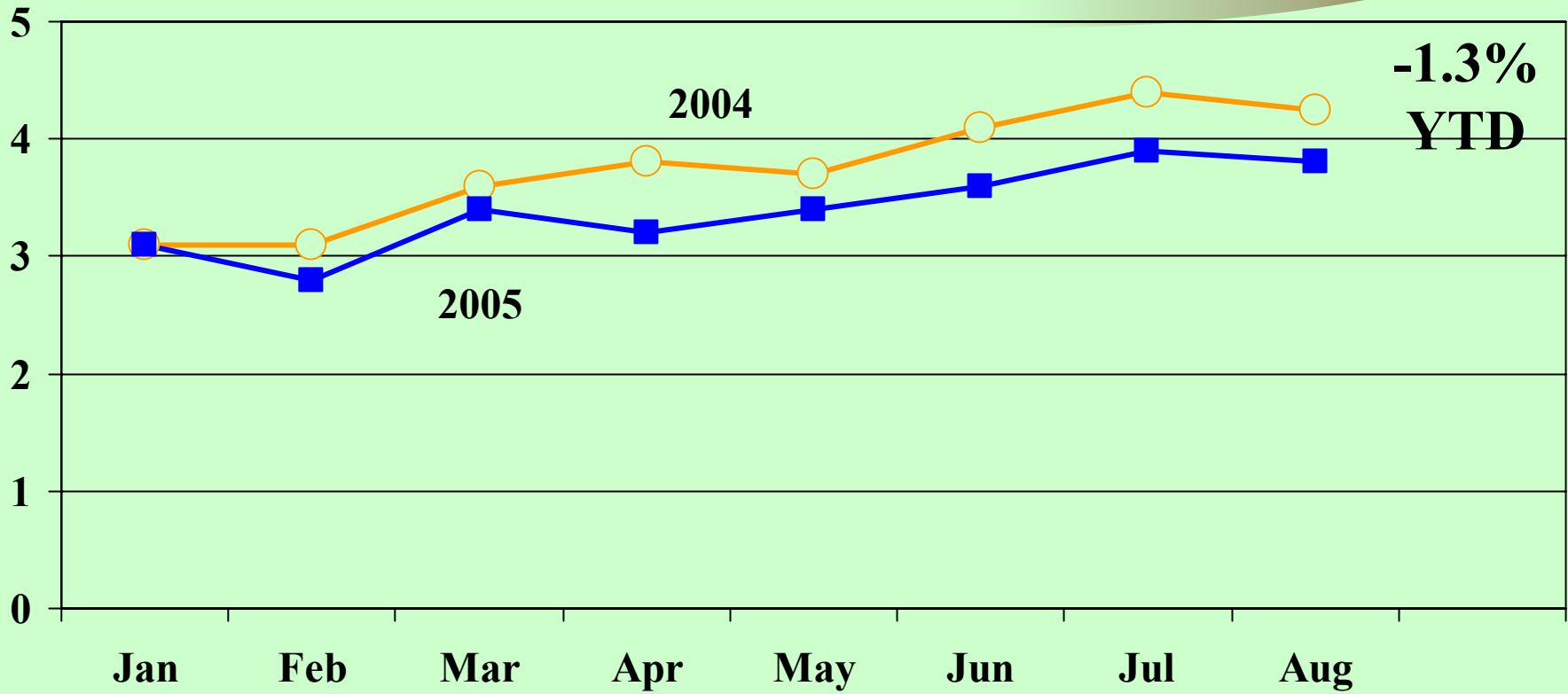
2005 Travel Industry YTD

- US hotel occupancies and room revenues are up, 2.6% and 8.1%
- CA up, 3.4% and 9.7%
- Domestic air travel from key markets up
- RV rentals by Americans up 22%

Monthly Arrivals and Departures – LAX

Domestic Flights, 2004 - 2005

(Millions of passengers)

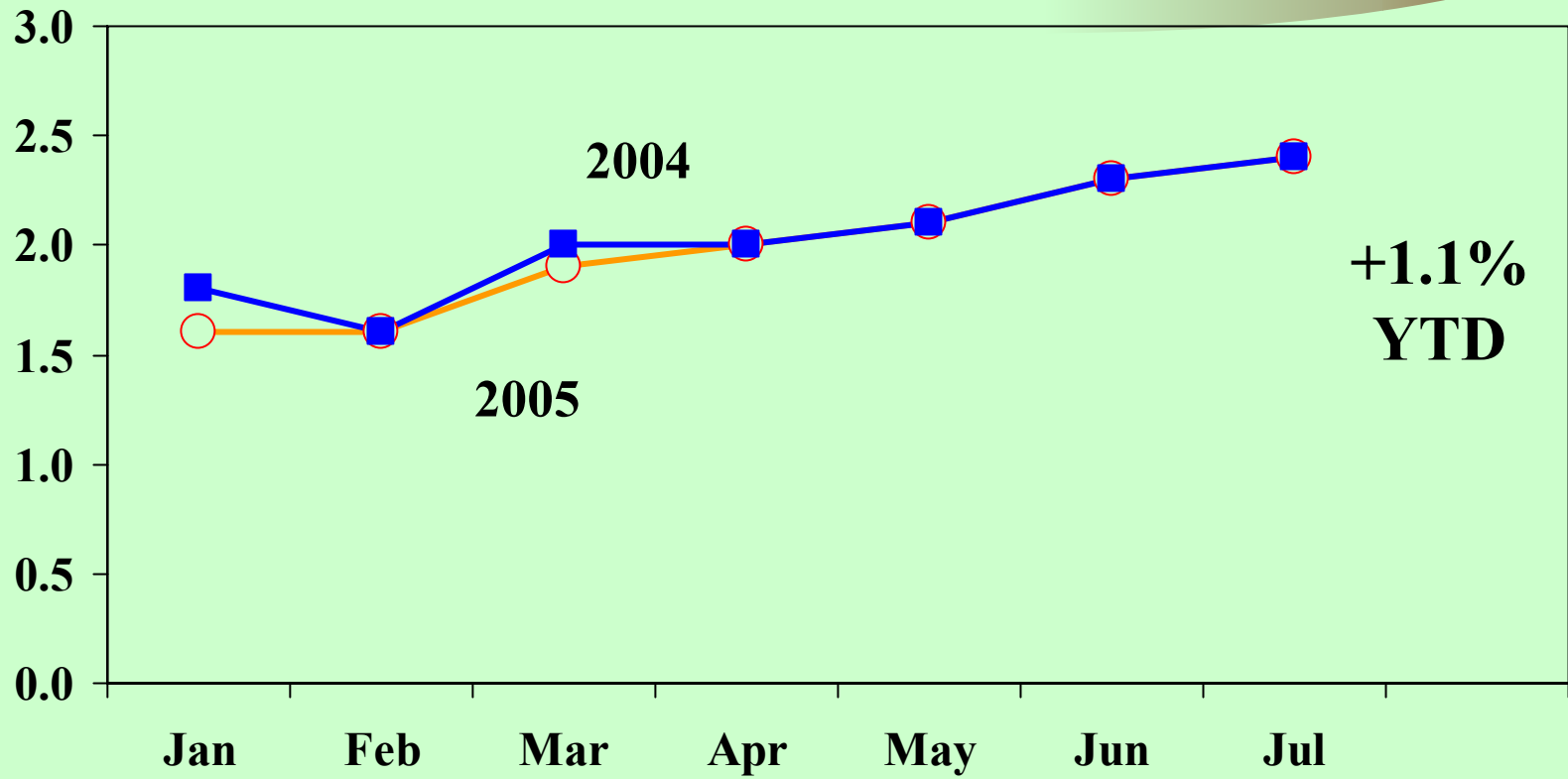


Source: Los Angeles World Airports, Volume of Air Traffic

Monthly Arrivals and Departures – SFO

Domestic flights, 2004-2005

(Millions of passengers)

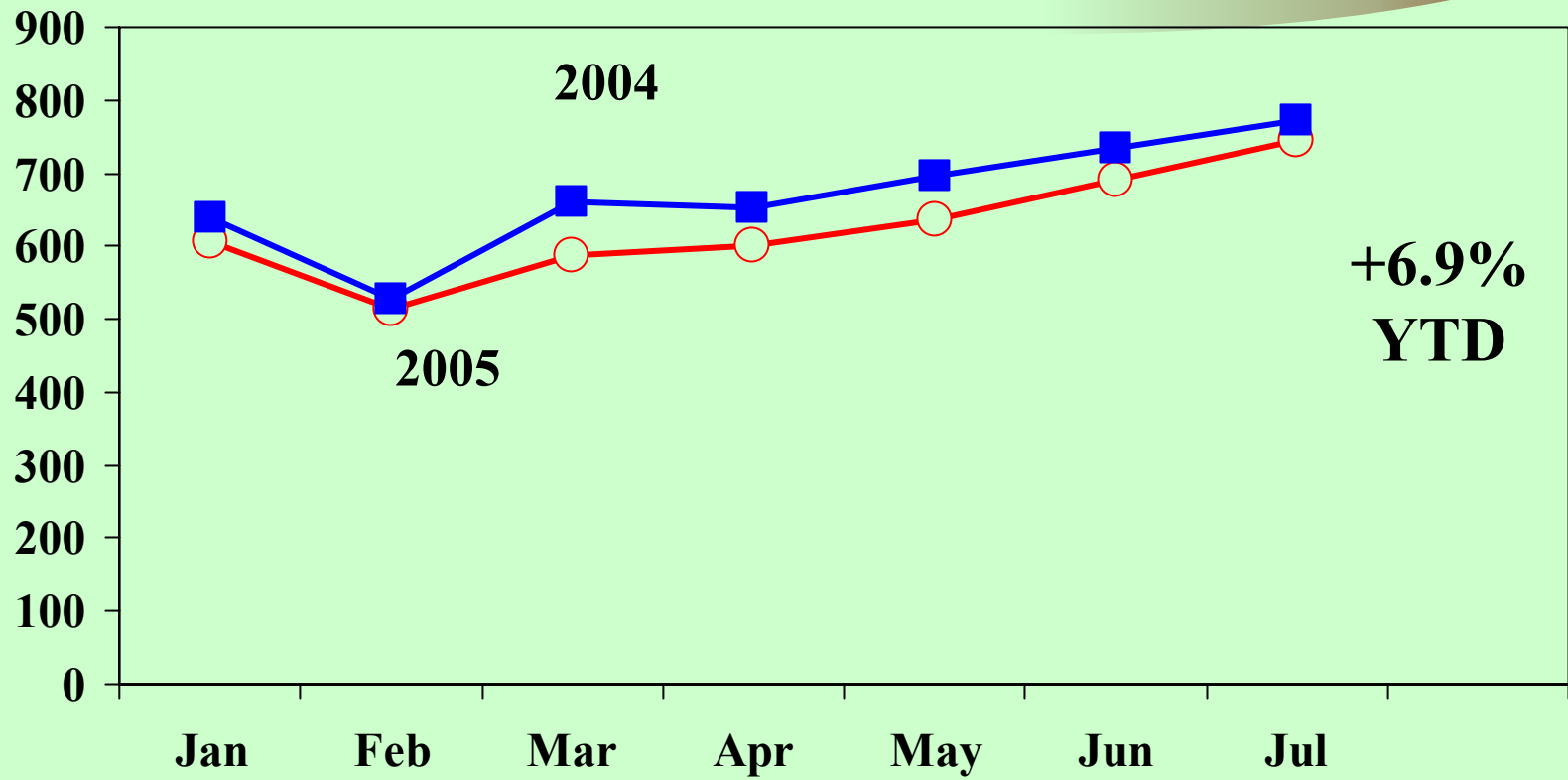


Source: San Francisco Int'l Airport, Comparative Traffic Reports

Monthly Arrivals and Departures – SFO

International Flights, 2004-2005

(Thousands of passengers)

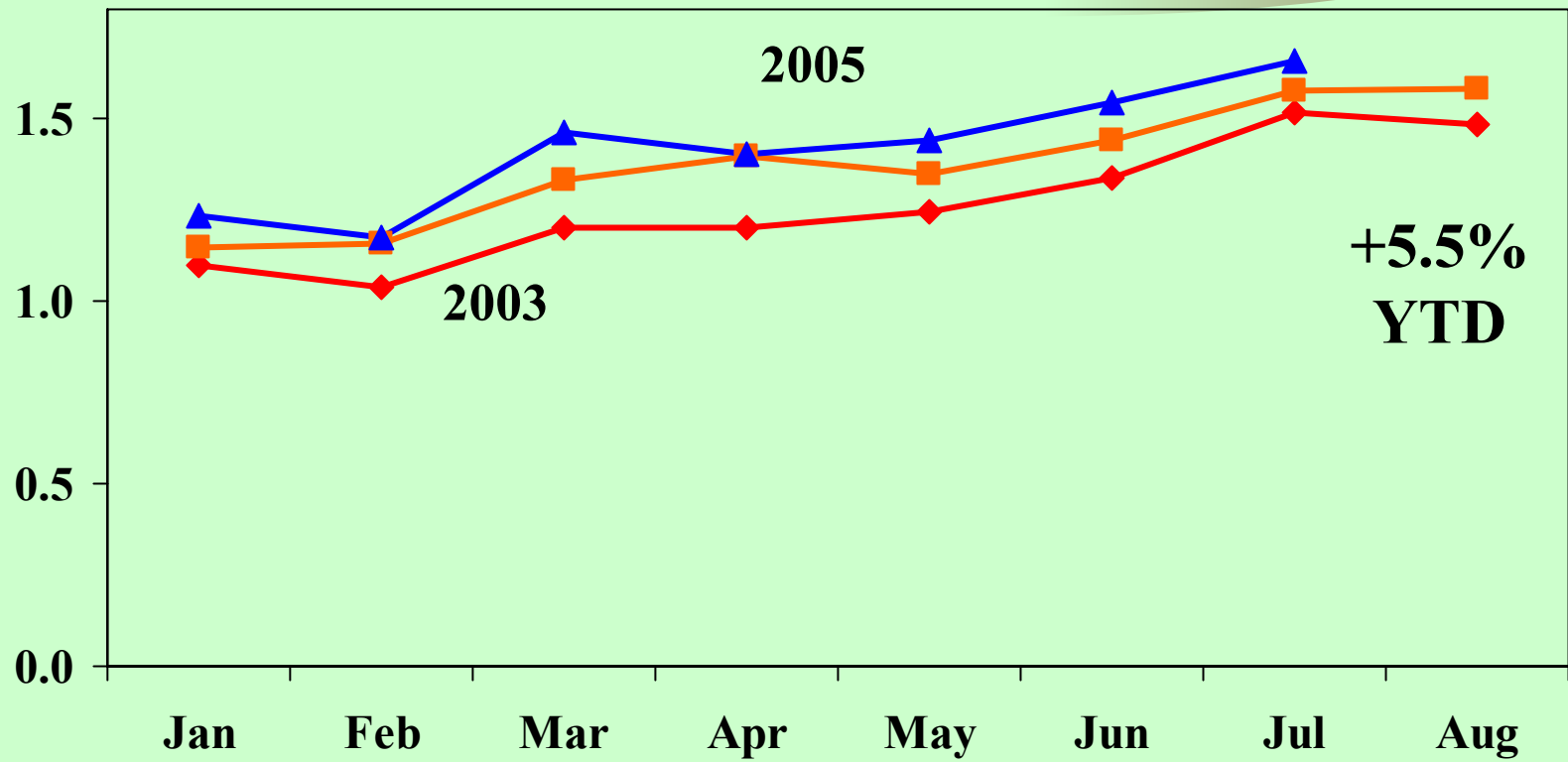


Source: San Francisco Int'l Airport, Comparative Traffic Reports

Monthly Arrivals and Departures – SD

Domestic Flights, 2003-2005

(Millions of passengers)

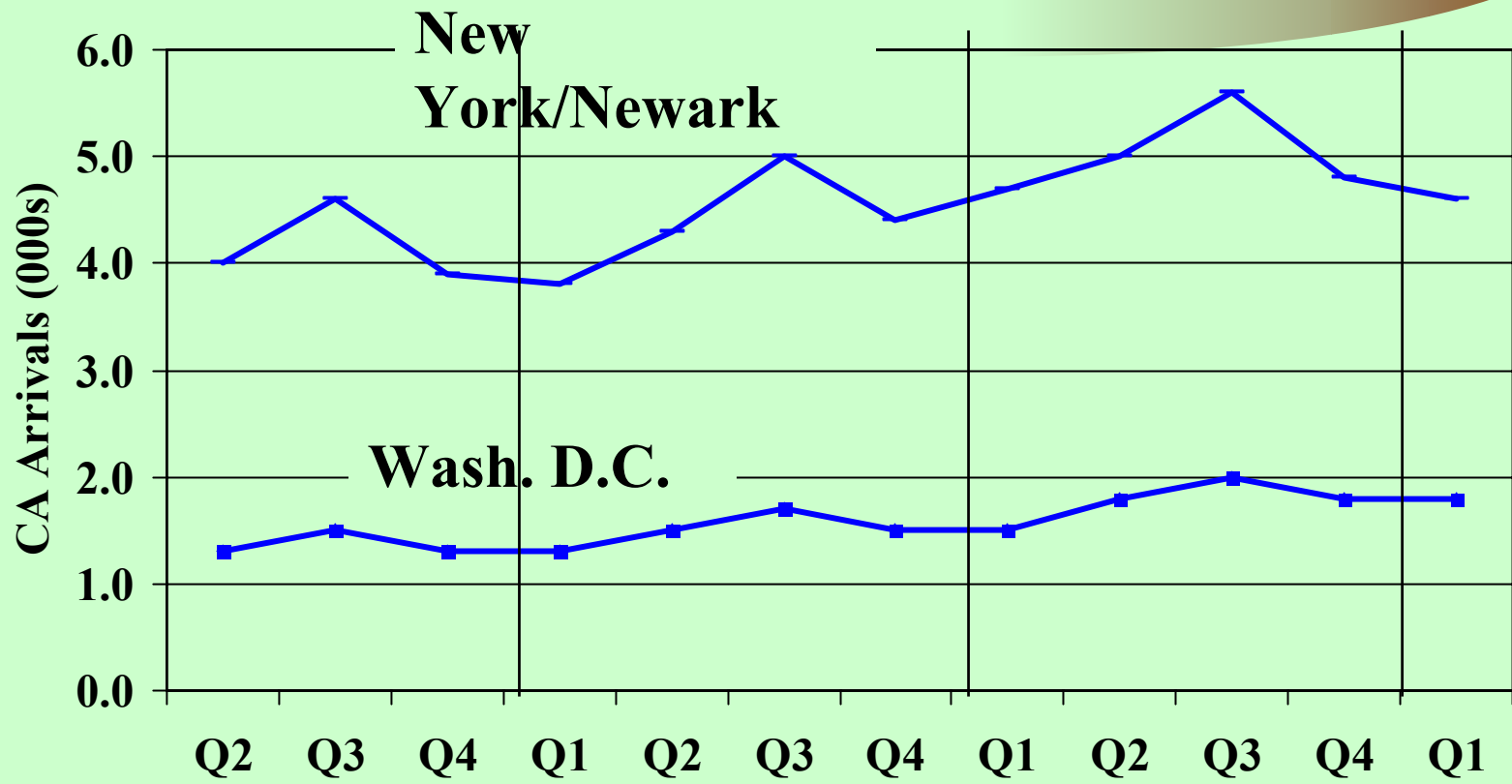


Source: San Francisco Int'l Airport, Comparative Traffic Reports

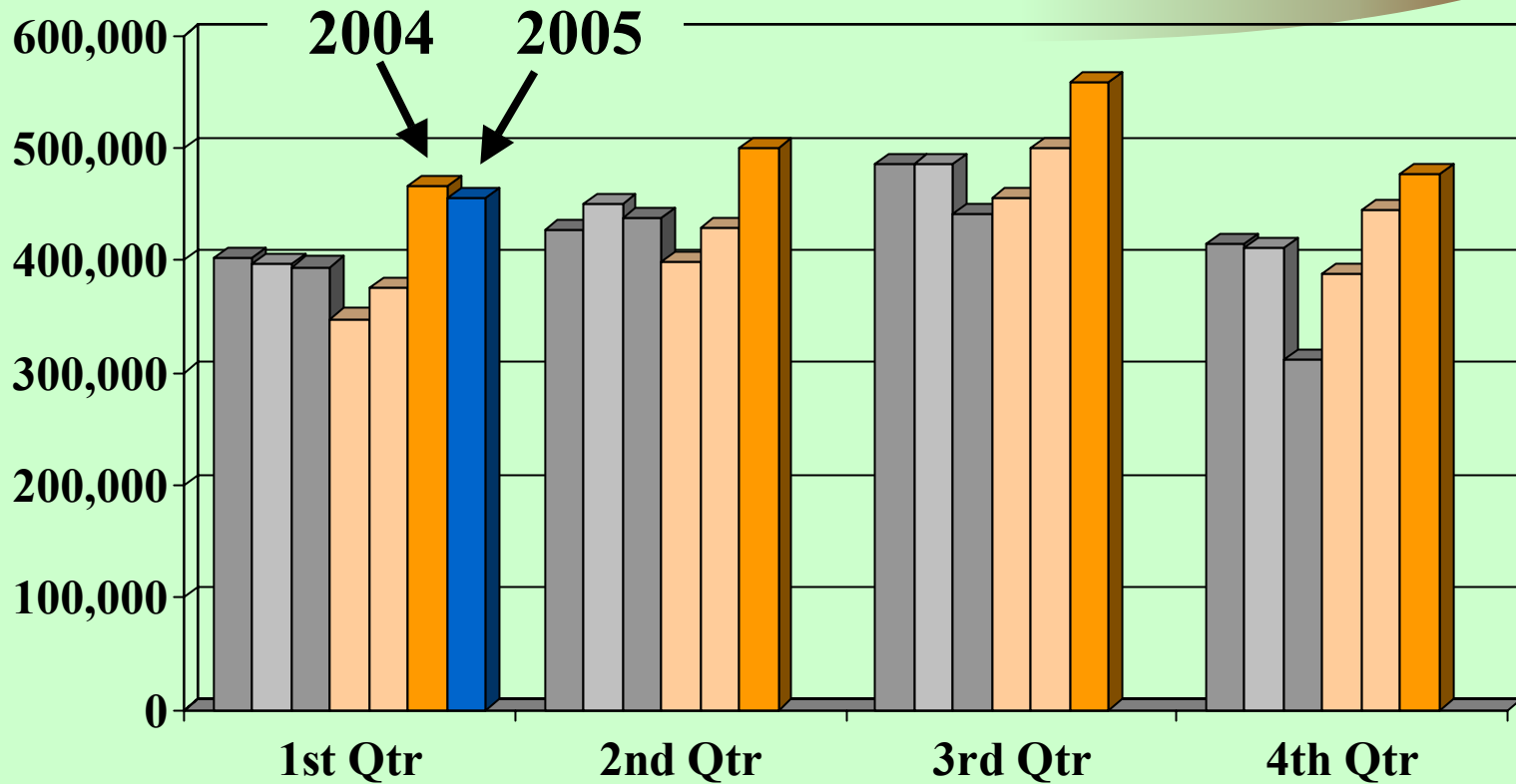


Air Travel from Top CA Markets

2002-2005



Quarterly Air Arrivals to CA From New York/Newark 1999-2005

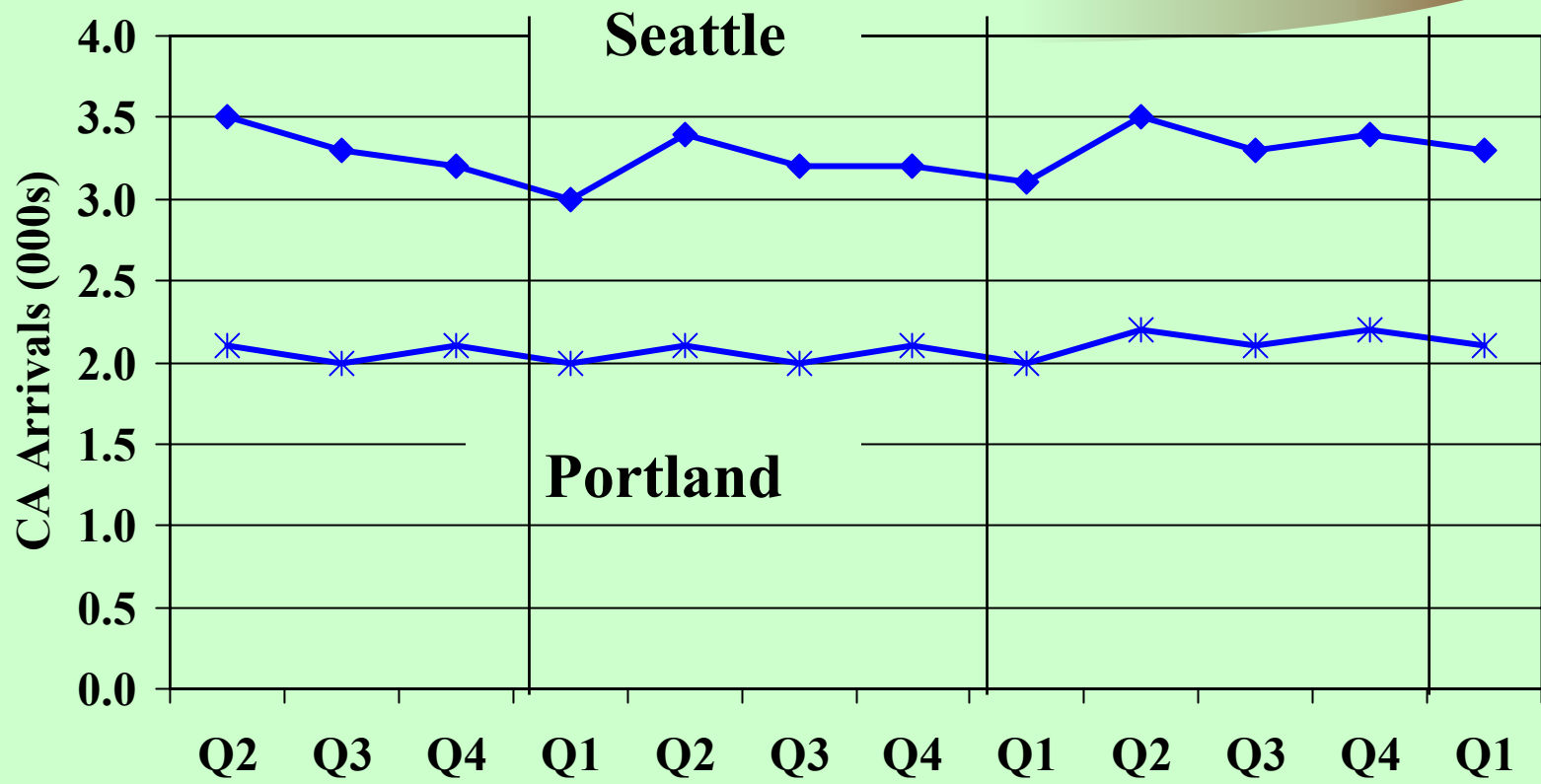


Source: CIC Research Inc. US Dept. of Transportation; California Tourism



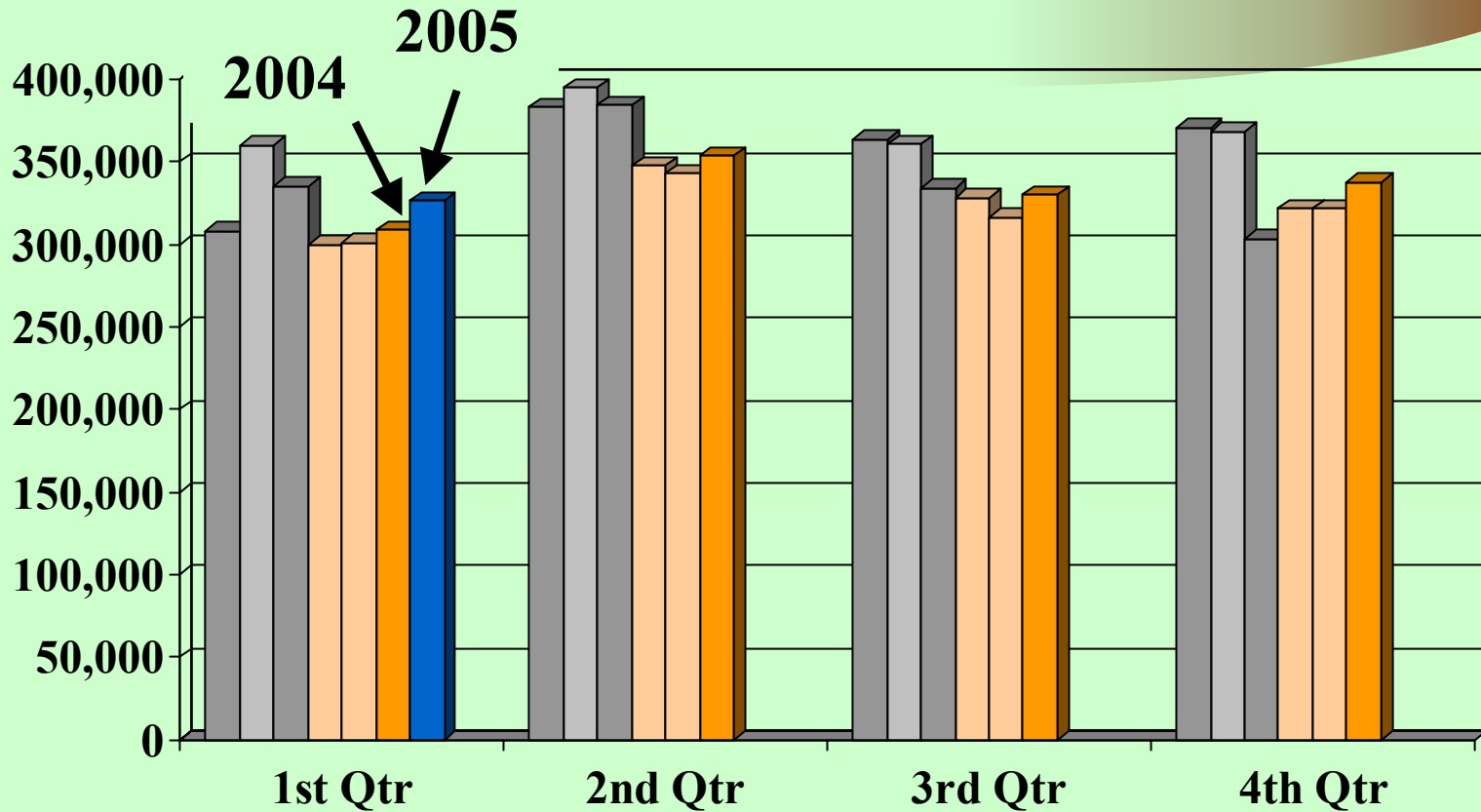
Air Travel from Top CA Markets

2002-2005



Source: CIC Research Inc. US Dept. of Transportation; California Tourism

Quarterly Air Arrivals to CA From Seattle/Tacoma 1999-2005

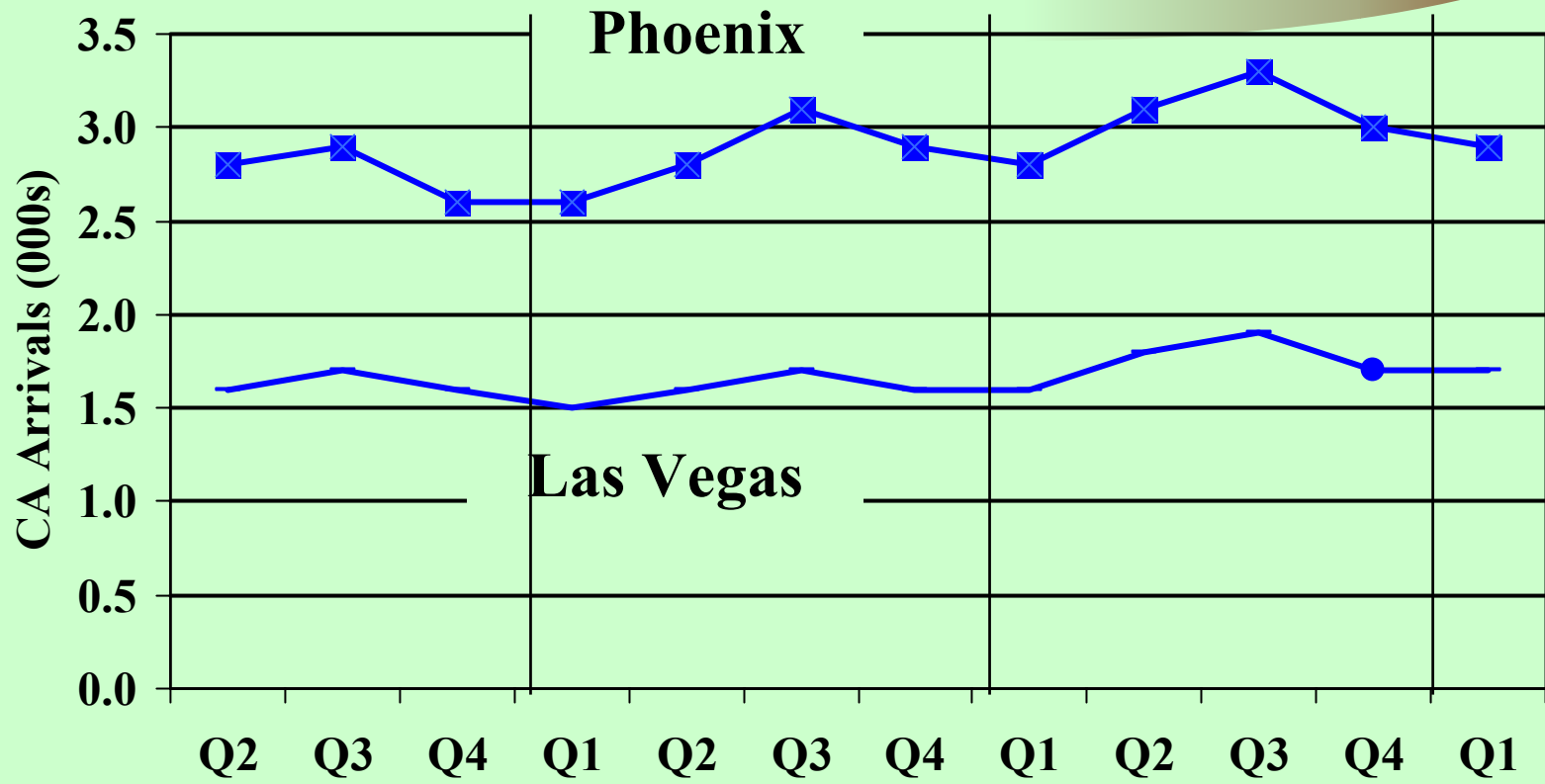


Source: CIC Research Inc. US Dept. of Transportation; California Tourism

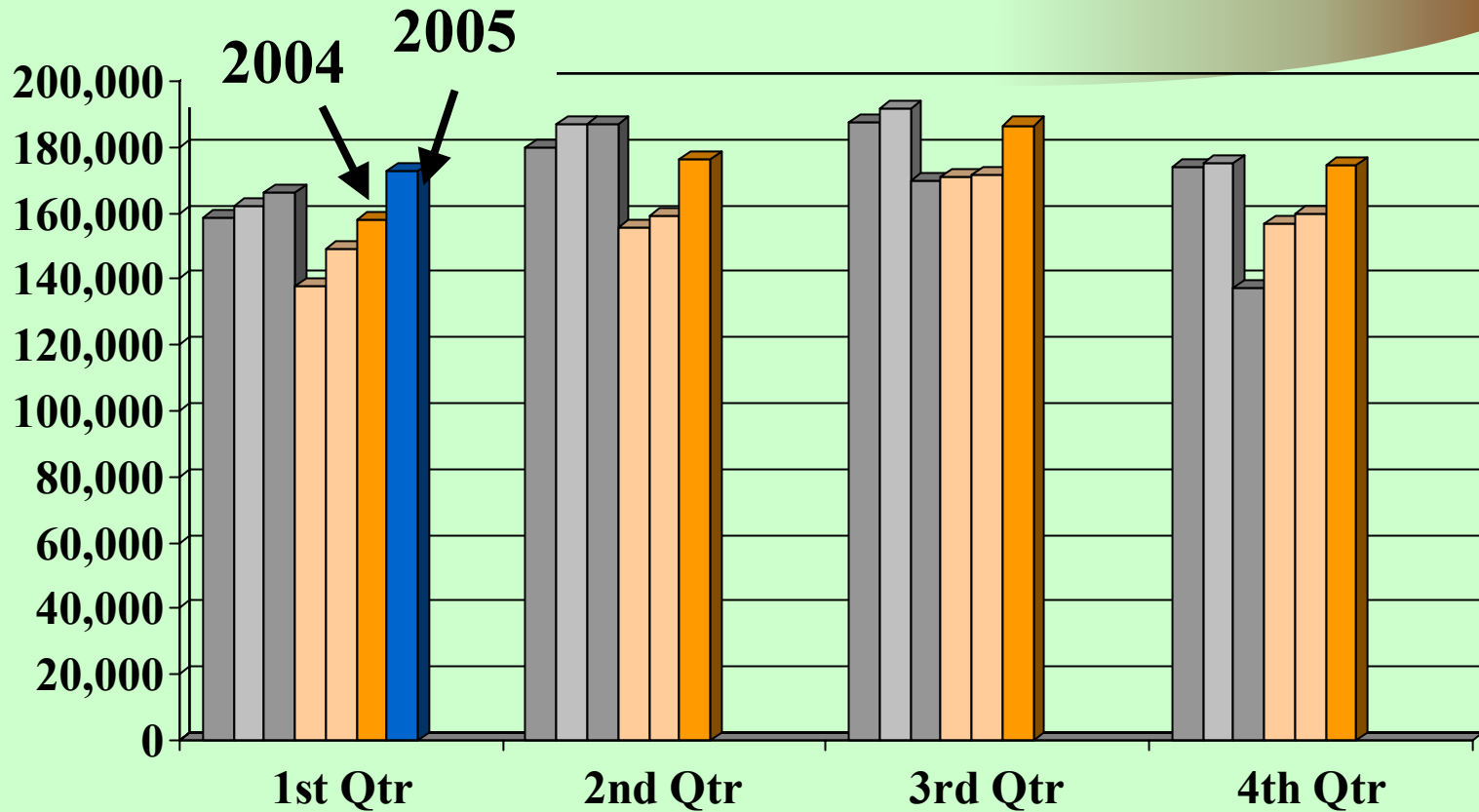


Air Travel from Top CA Markets

2002-2005



Quarterly Air Arrivals to CA From Las Vegas 1999-2005

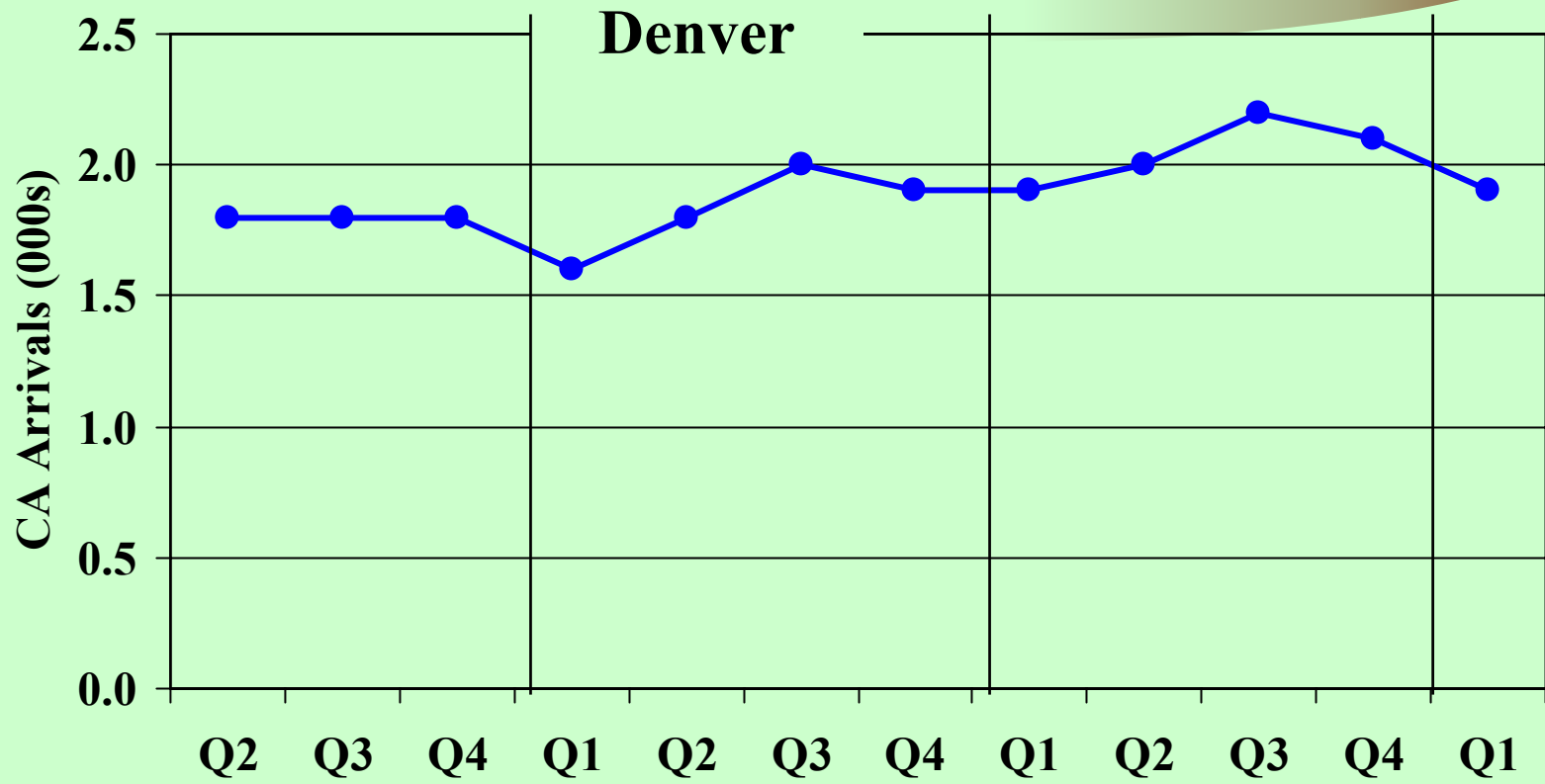


Source: CIC Research Inc. US Dept. of Transportation; California Tourism



Air Travel from Top CA Markets

2002-2005

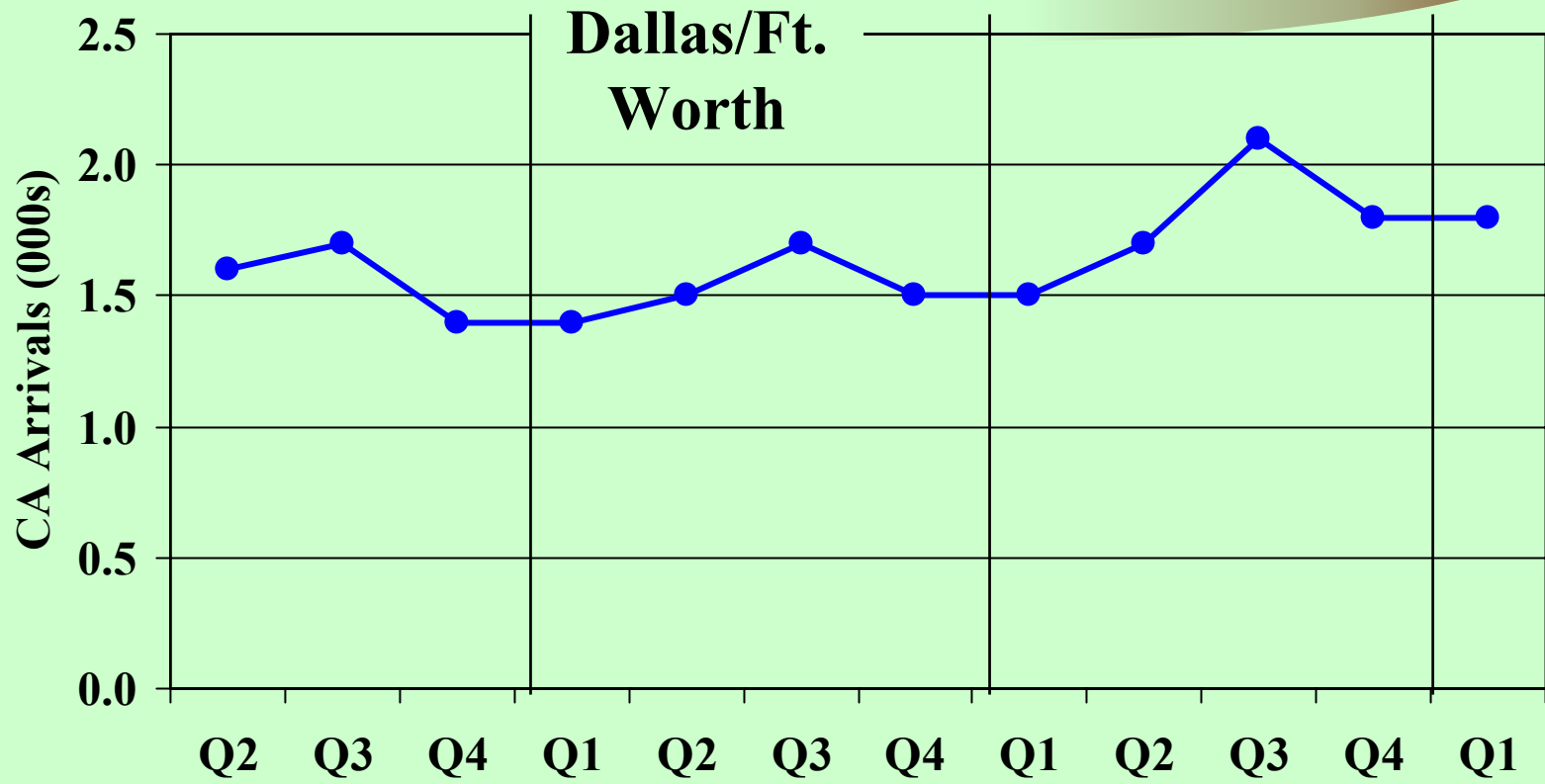


Source: CIC Research Inc. US Dept. of Transportation; California Tourism



Air Travel from Top CA Markets

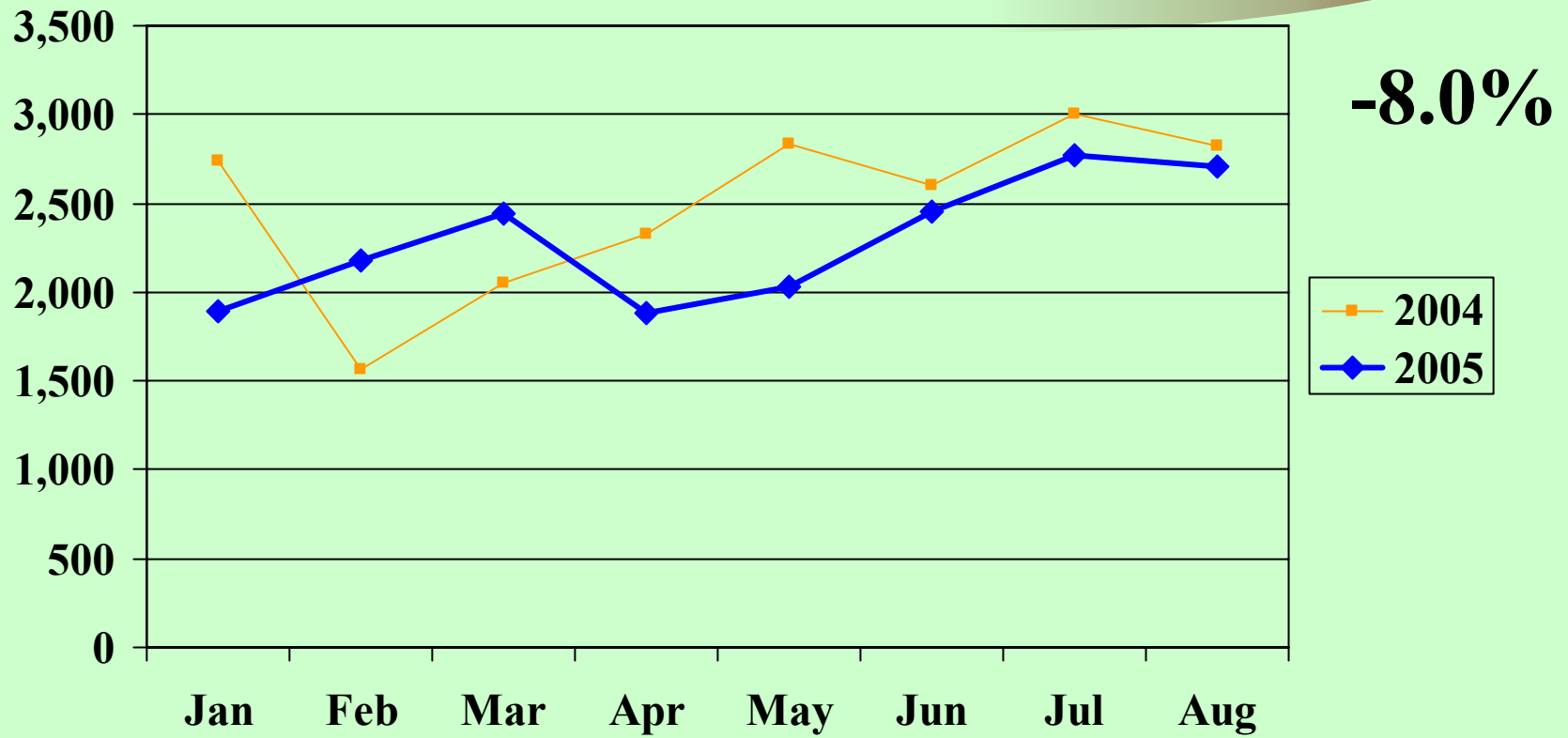
2002-2005



California Welcome Centers

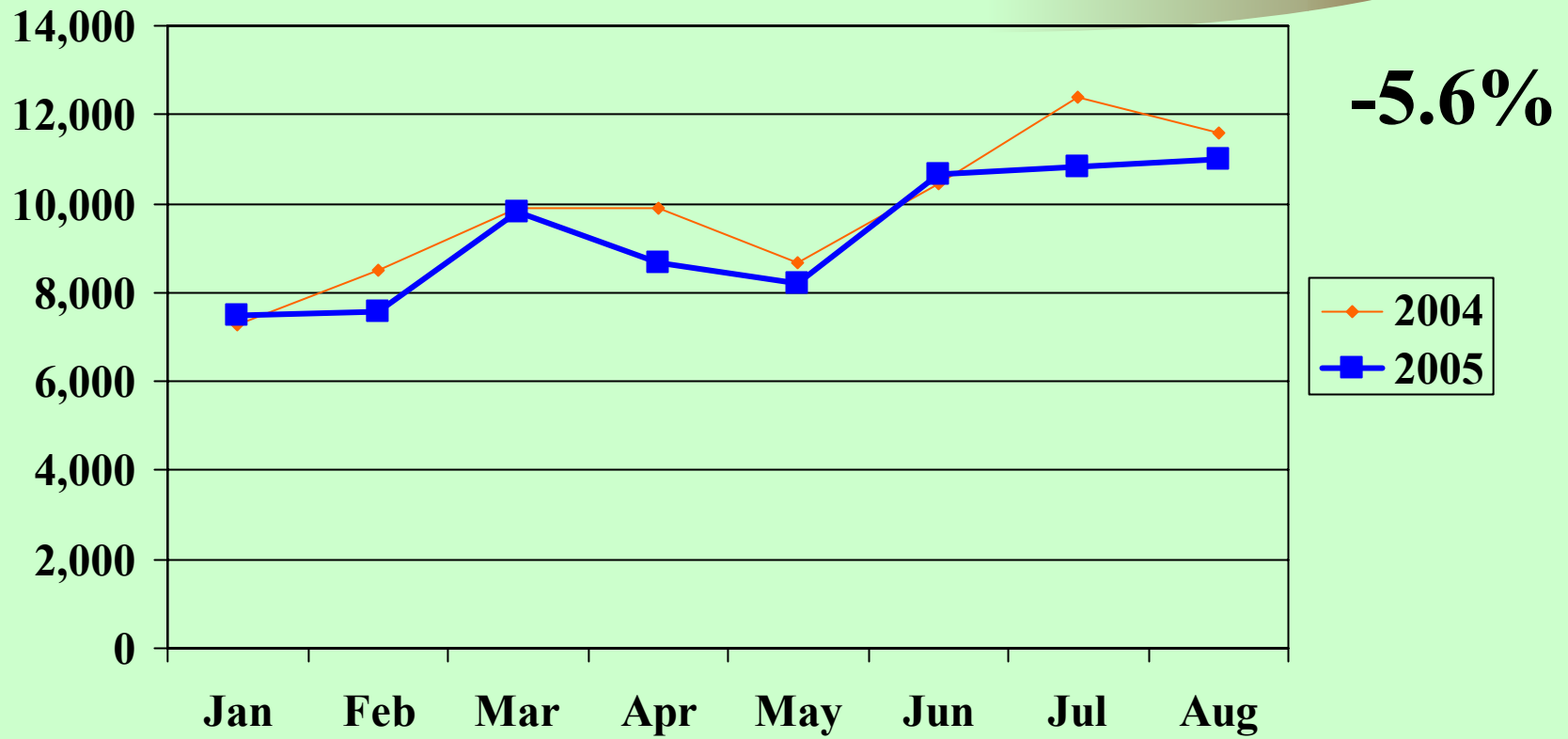


Anderson, 2004 vs 2005



California Welcome Centers

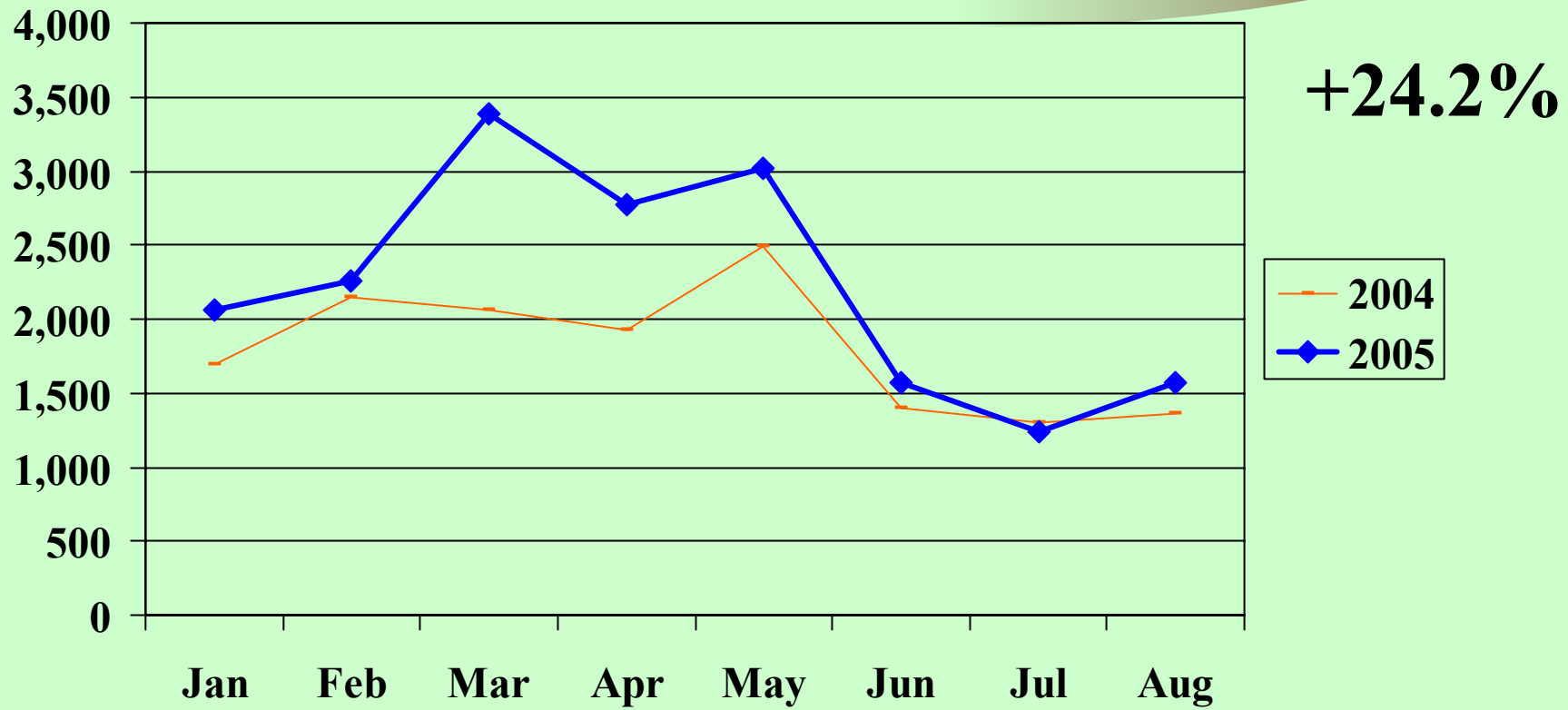
Oceanside, 2004 vs 2005



California Welcome Centers



Yucca Valley, 2004 vs 2005

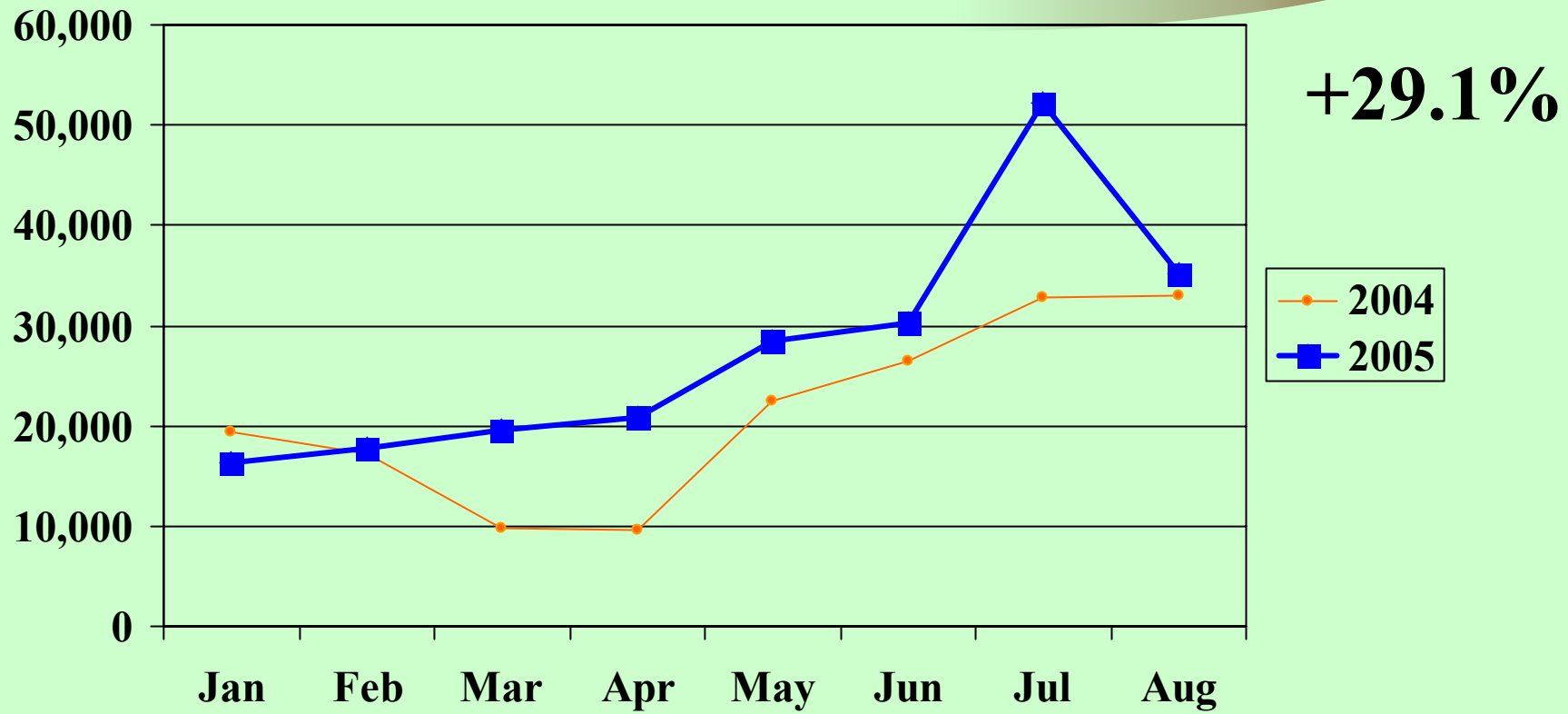


Source: California Tourism

California Welcome Centers



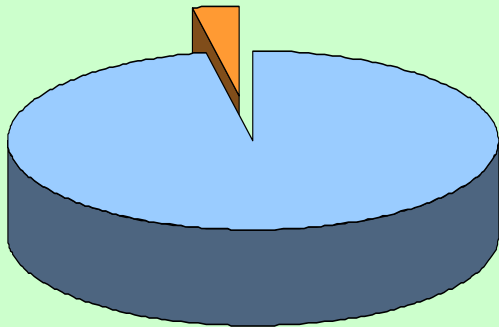
Barstow, 2004 vs 2005



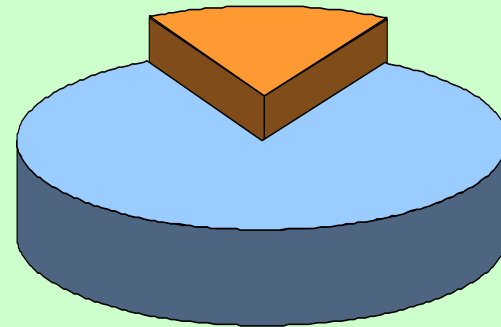


CA International Visitors (2004)

**3% of Visitor
Volume**



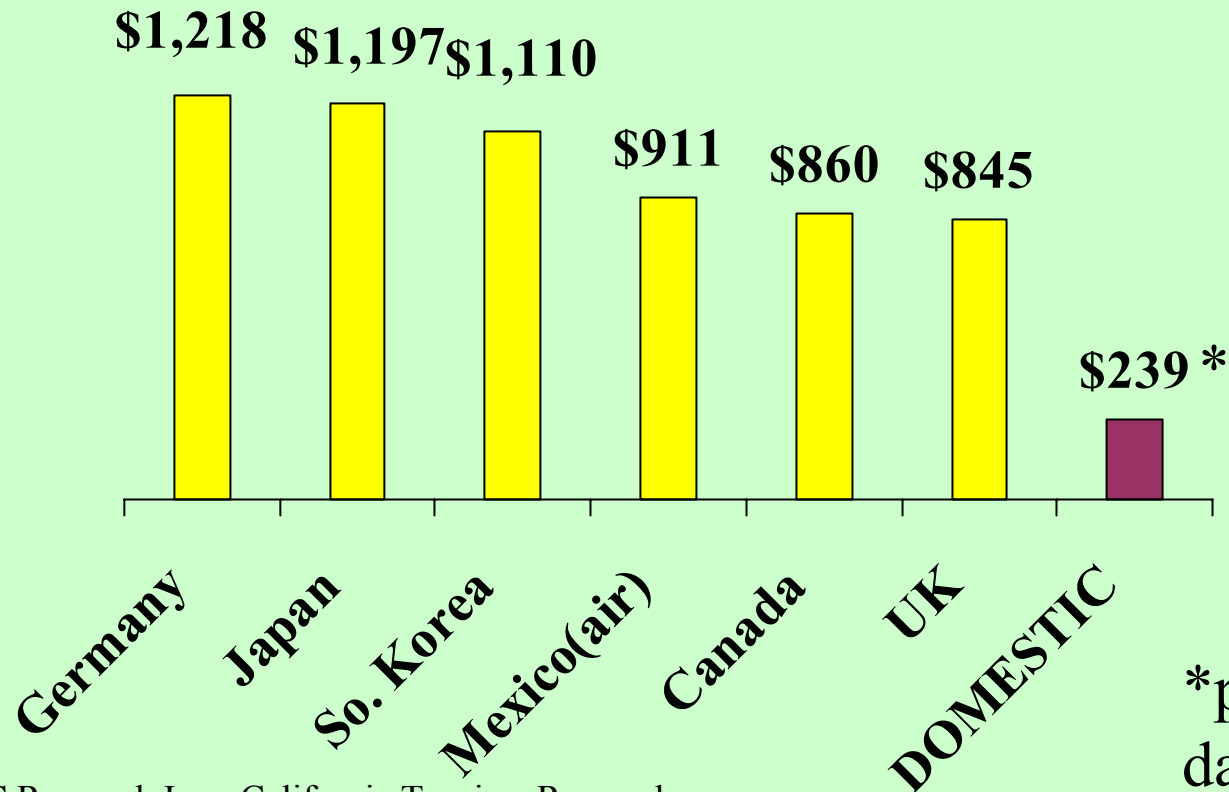
**16% of Visitor
Spending**



Source: INS Point-of-entry arrivals; CIC Research Inc.



International Visitor Spending (Daily per capita in US x nights in CA)



*pppc x mean
days in CA



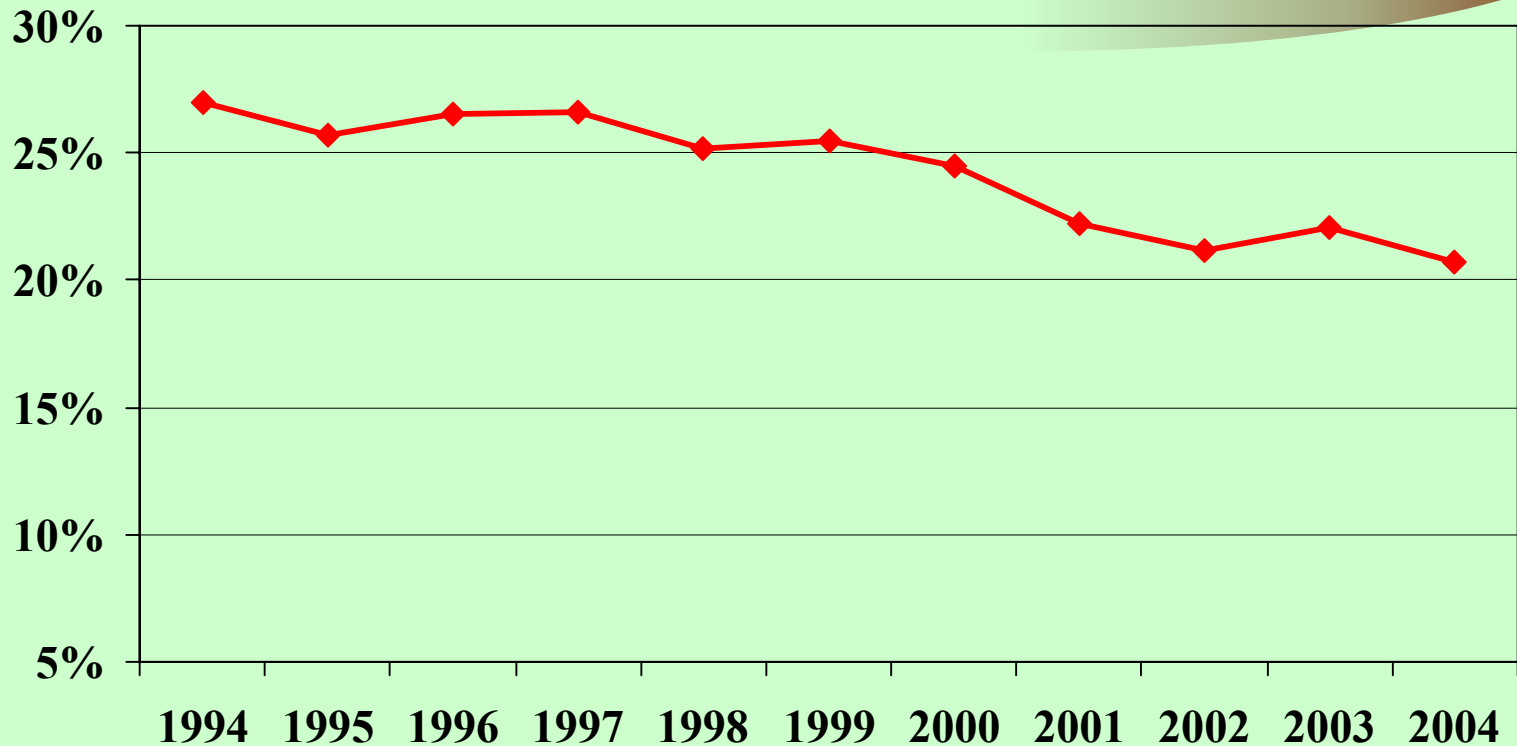
Top CA International Markets (2004)

- **Mexico** 3,700,000 e
- **Canada** 983,400
- **UK** 693,000
- **Japan** 630,000
- **Germany** 275,000
- **So. Korea** 273,000



CA Overseas Market Share

1994 - 2004

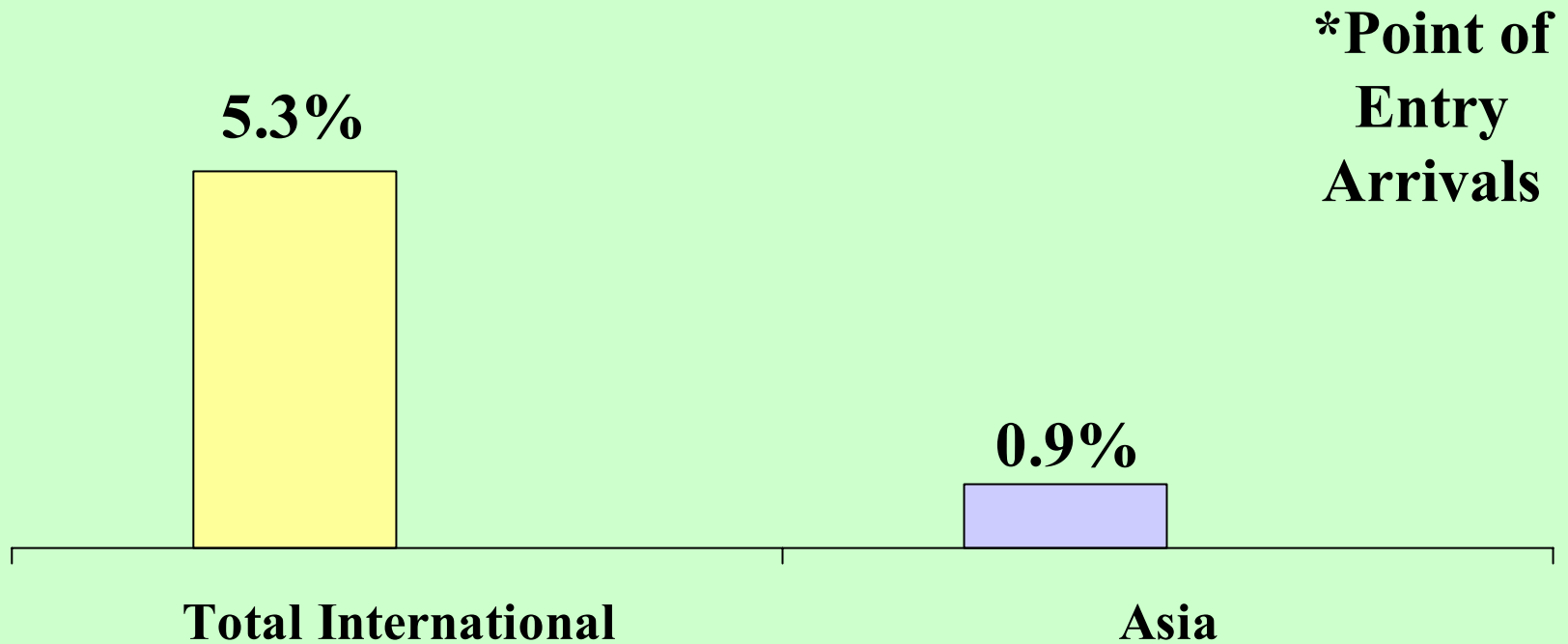
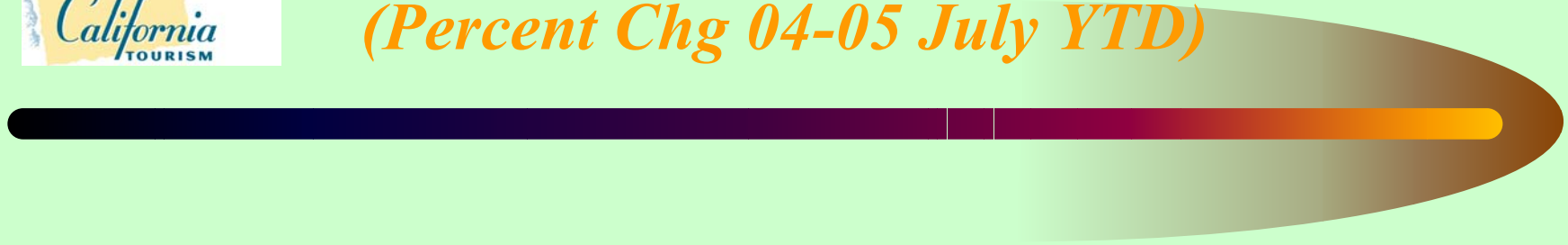


Source: CIC Research Inc.



*International Visitors Entering CA**

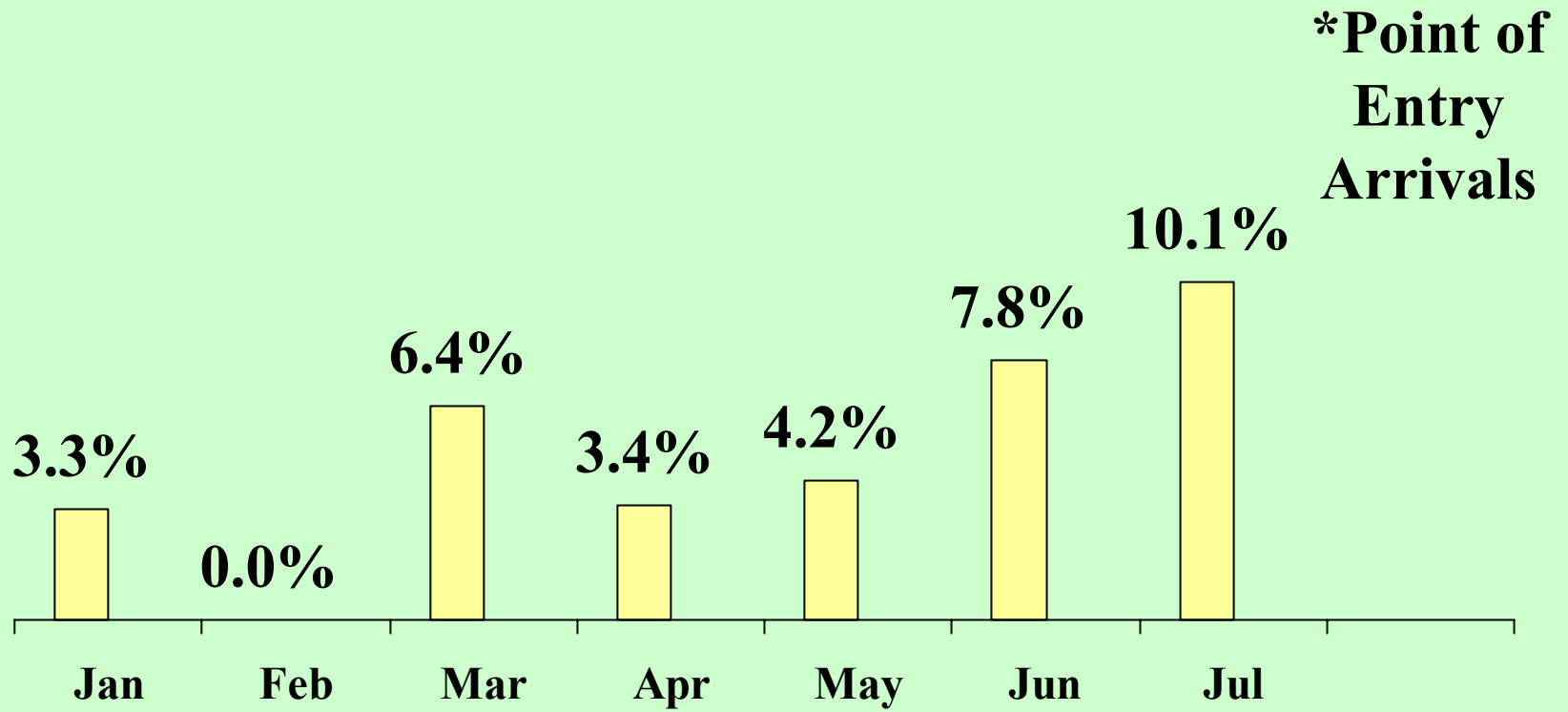
(Percent Chg 04-05 July YTD)



Source: INS Point-of-entry arrivals; CIC Research Inc.

*All Overseas Entering CA**

(Monthly Percent Chg 04-05)

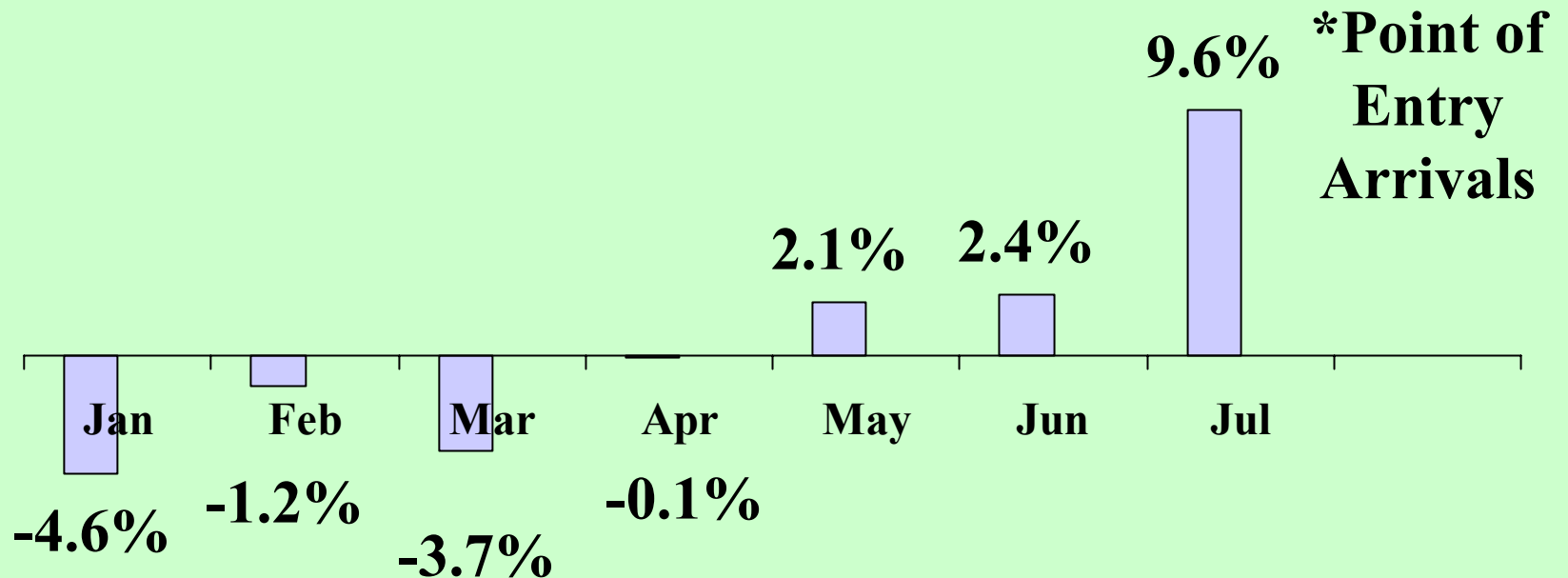


Source: INS Point-of-entry arrivals; CIC Research Inc.



*Asian Visitors Entering CA**

(Monthly Percent Chg 04-05)

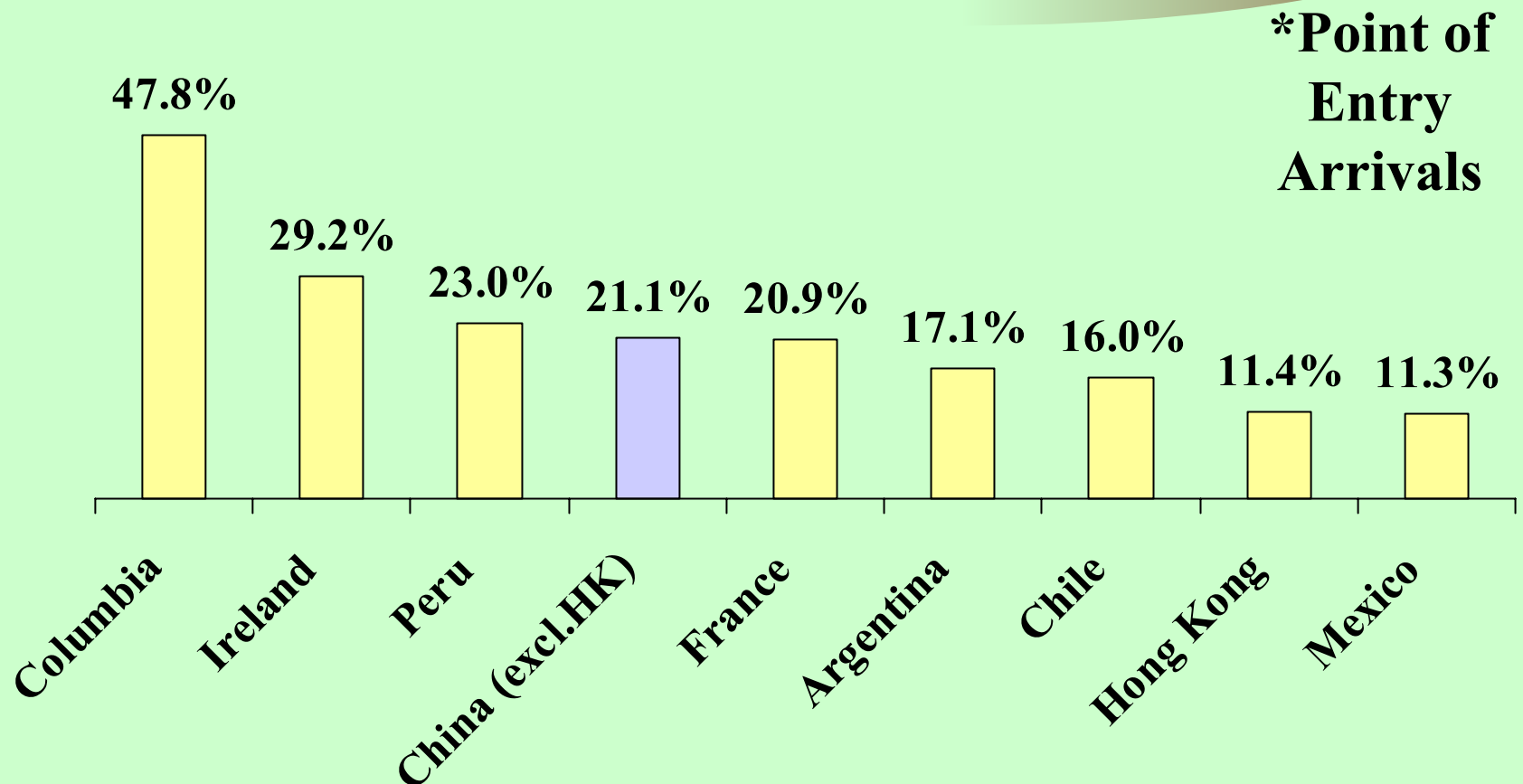


Source: INS Point-of-entry arrivals; CIC Research Inc.



*Selected Markets Entering CA**

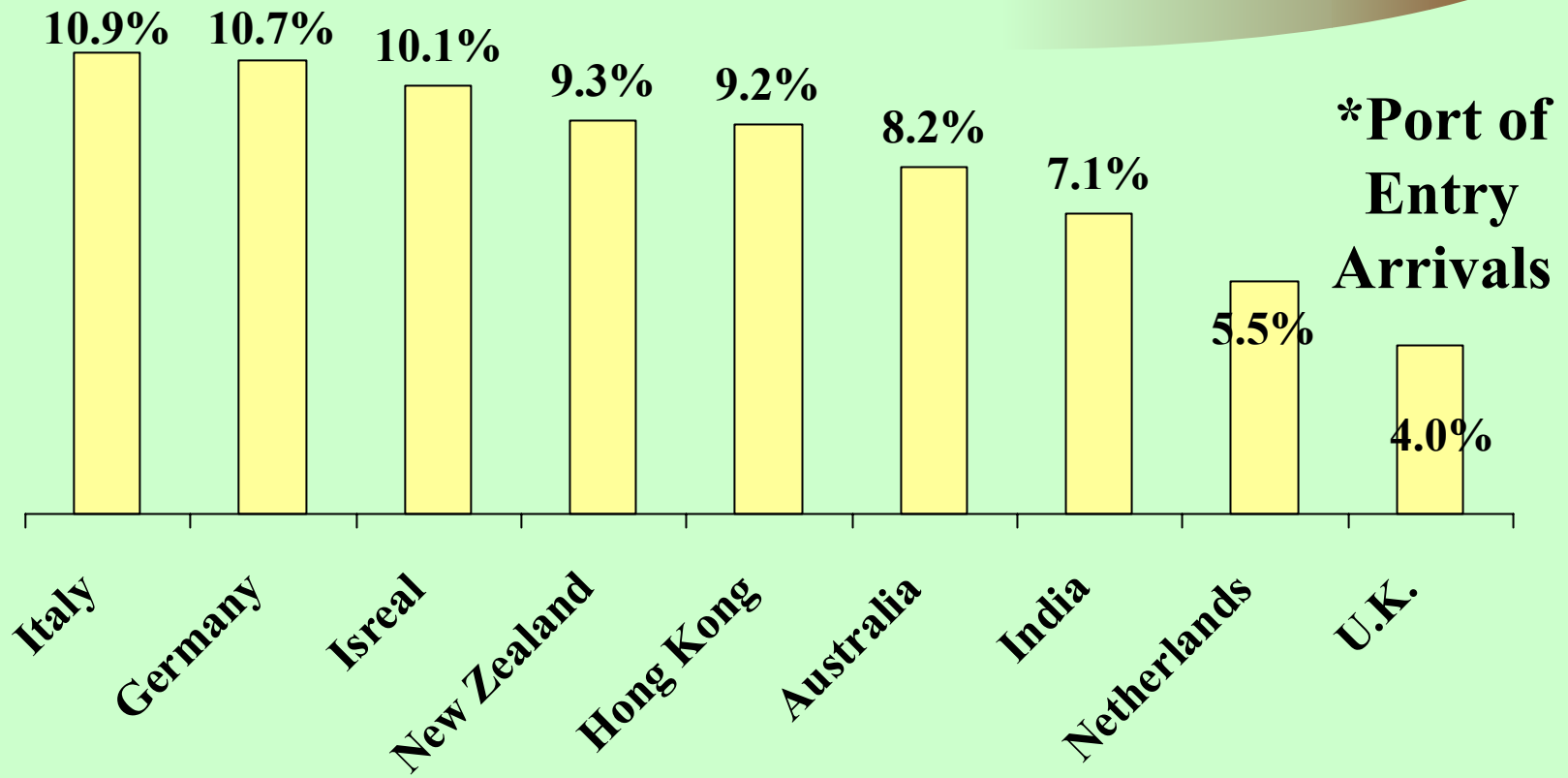
(Percent Chg 04-05 July YTD)



Source: INS Point-of-entry arrivals; CIC Research Inc.

*Selected Markets Entering CA**

(Percent Chg 04-05 June YTD)



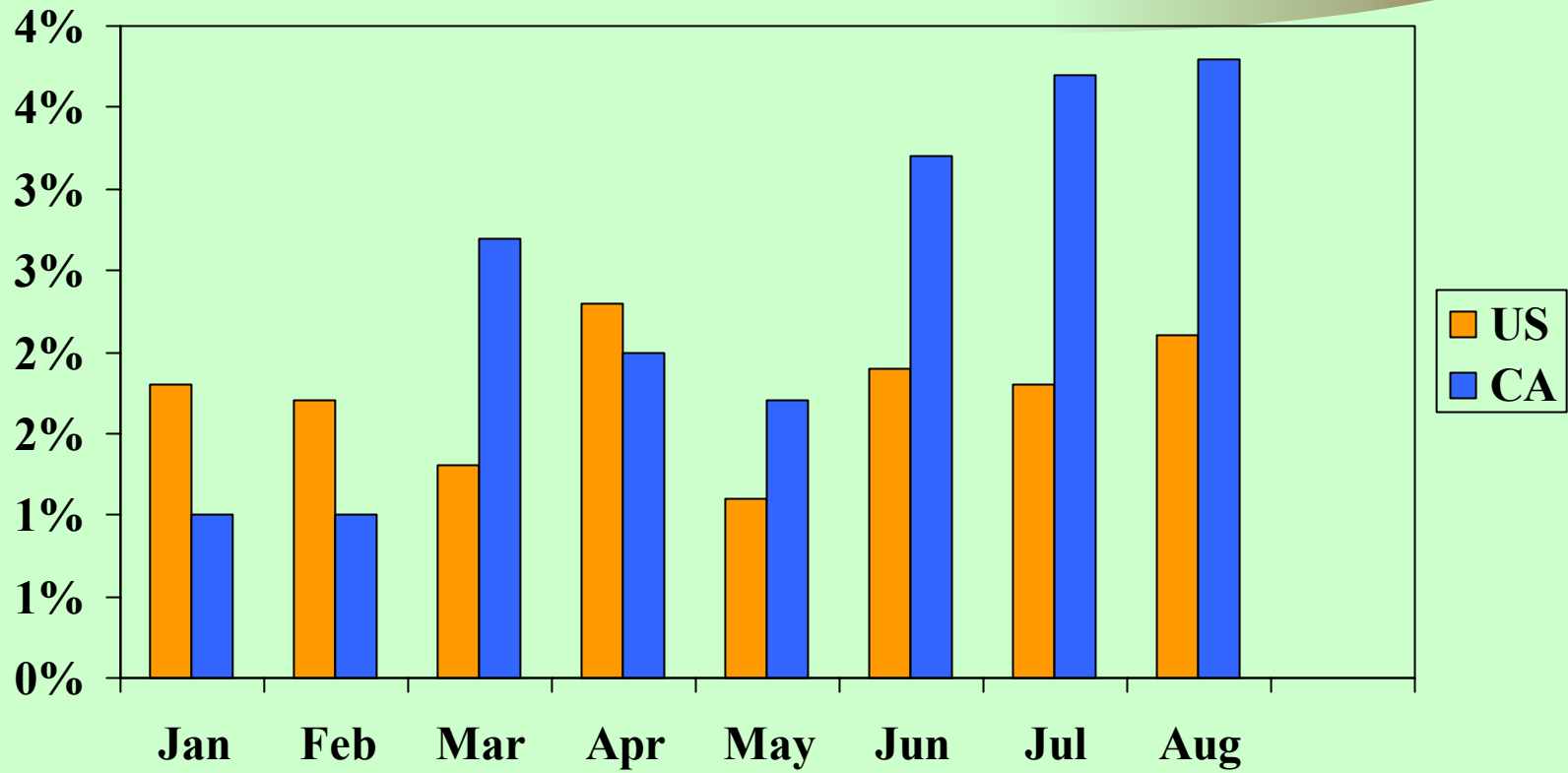
Source: INS Point-of-entry arrivals; CIC Research Inc.

US and California Hotel Occupancy

2004-2005



(Percent changes)

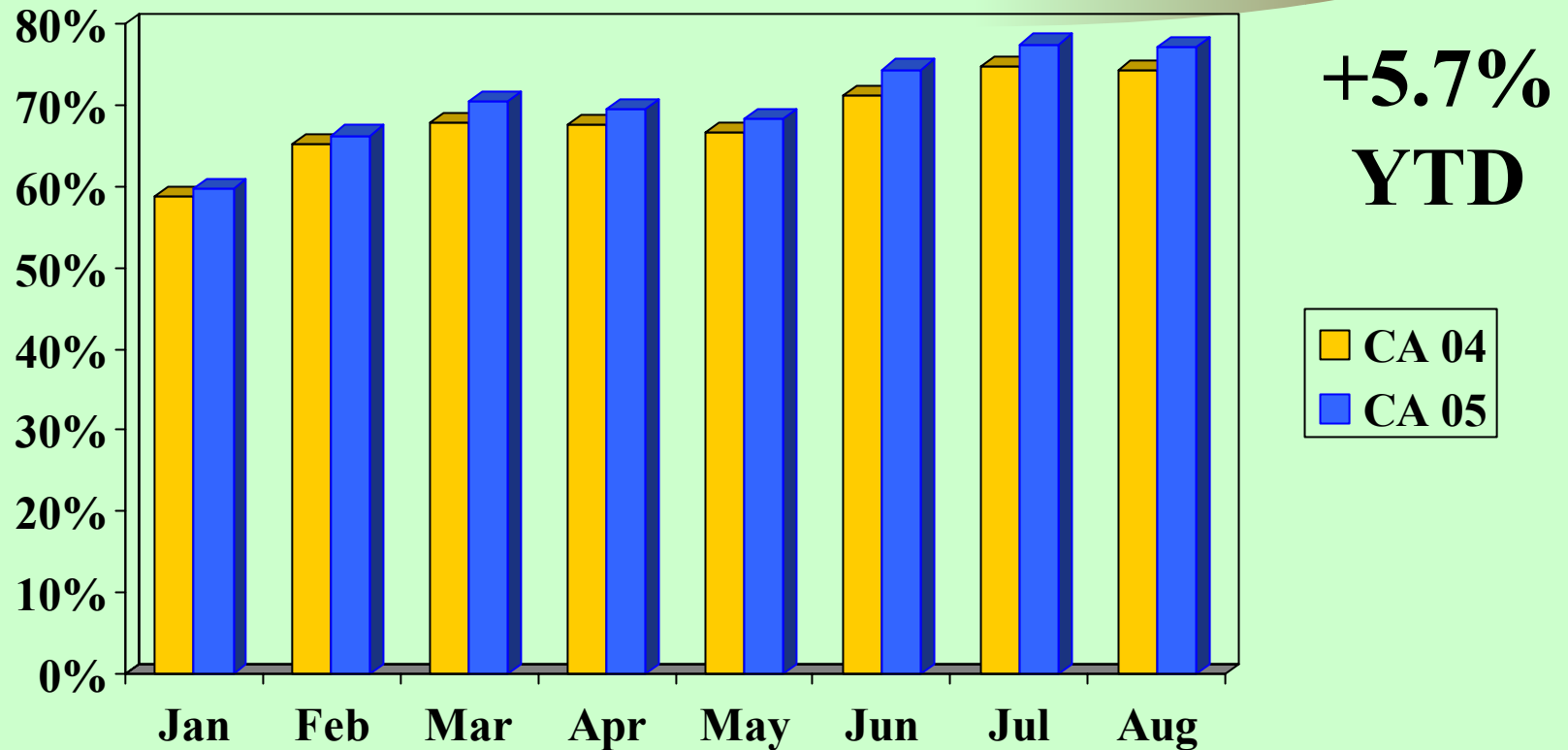


Source: Smith Travel Research

California Hotel Occupancy 2004-2005



(Percent occupancy)





California North

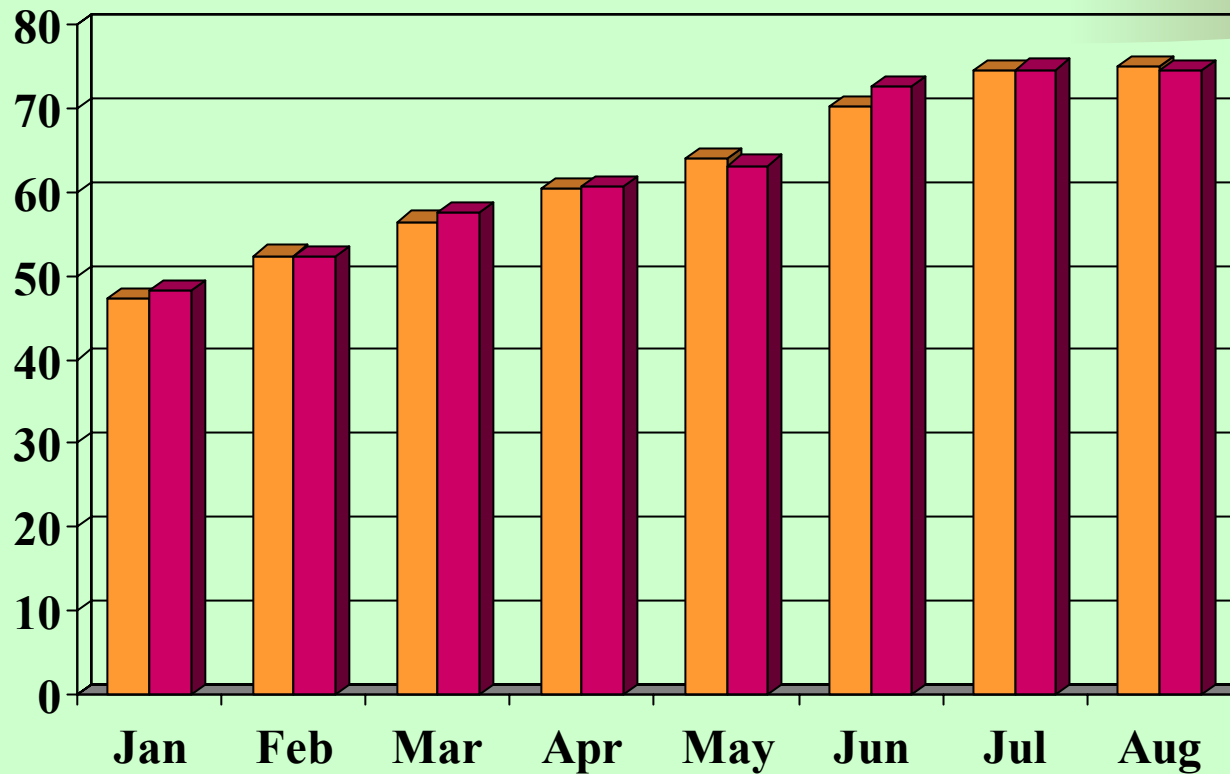
(Percent Chg 04-05 August YTD)

+0.4%

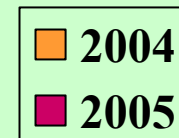


Source: Smith Travel Research Inc..
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California North 2004-2005 (Percent occupancy)

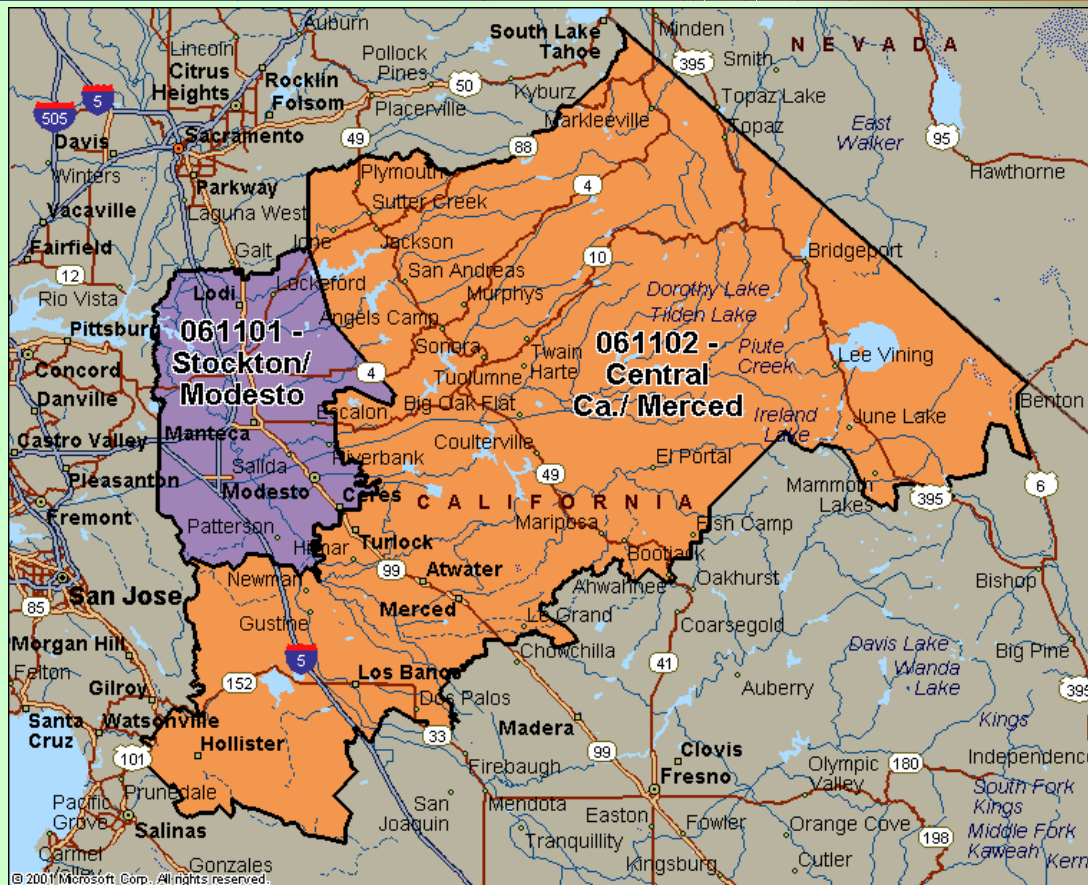


+0.4%



California Central

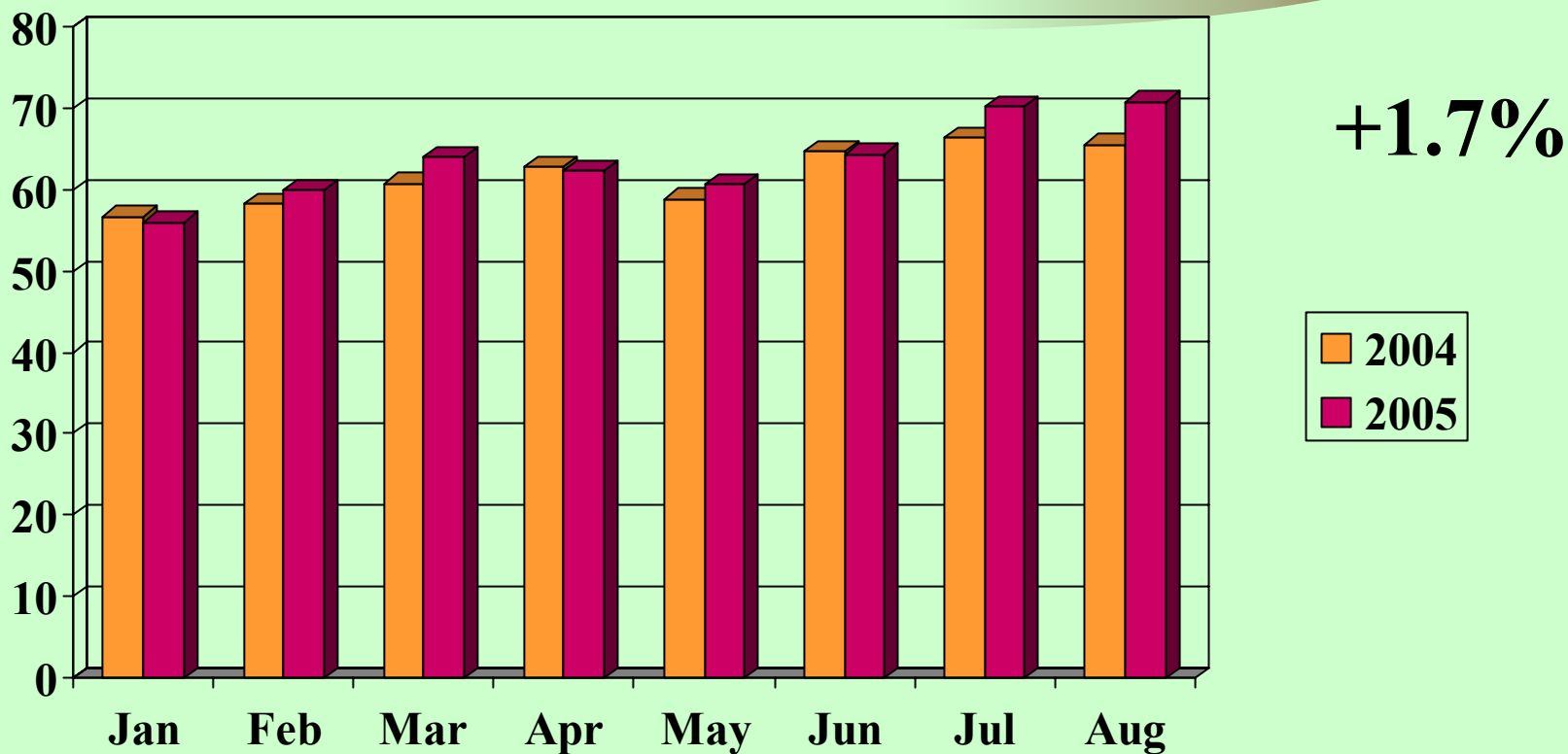
(Percent Chg 04-05 August YTD)



+1.7%

Source: Smith Travel Research Inc..

California Central 2004-2005 (Percent occupancy)



Source: Smith Travel Research Inc.

California South Central

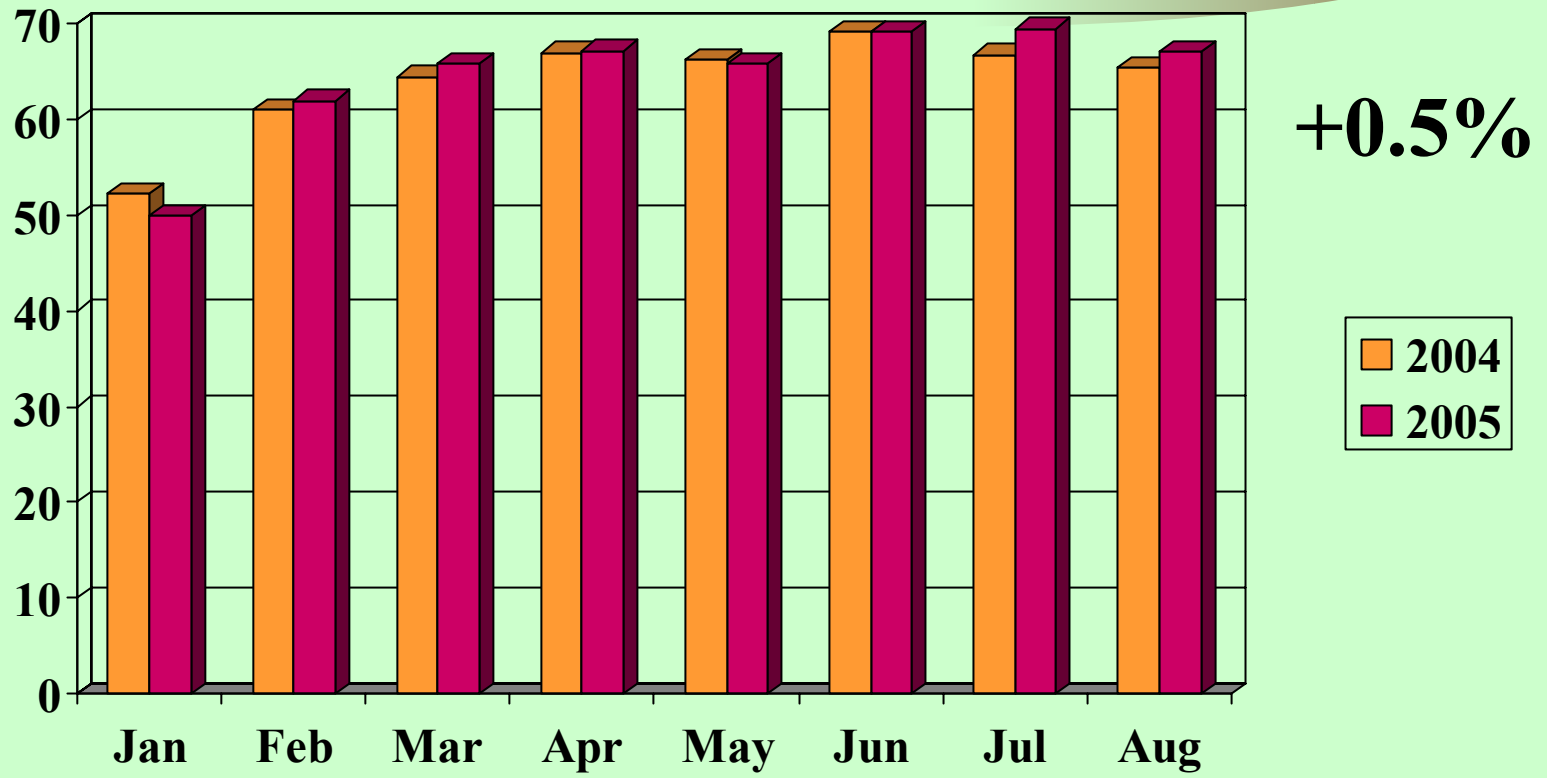
(Percent Chg 04-05 August YTD)



+0.5%

Source: Smith Travel Research Inc..

California South Central 2004-2005 (Percent occupancy)



Source: Smith Travel Research Inc.

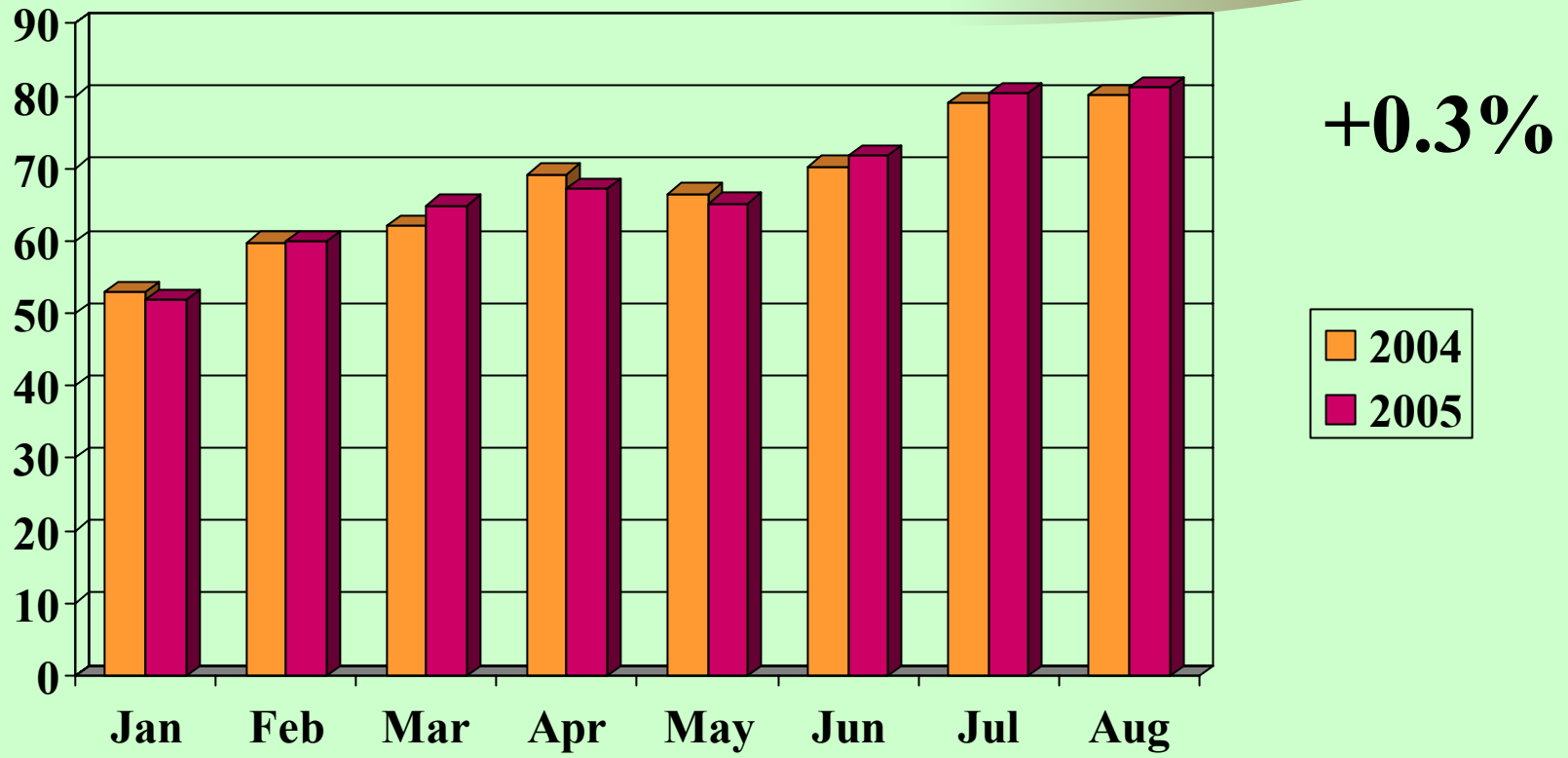


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California Central Coast

2004-2005

(Percent occupancy)



Source: Smith Travel Research Inc.



2006 Outlook

- Cost of travel will increase
- California's closer-in markets likely to outperform long-haul markets
- California winter destinations and activities should do well
- Modest growth in international travel



2006 Outlook

	Winter	Spring
• US Leisure	+5.7%	+3.4%
• CA Leisure	+ 3.9%	+3.4%
CA Business	+1.0%	+1.5%
• CA Resident	+2.9%	+3.7%
• CA Non-Resident	+3.6%	-0.9%



2006 Outlook



Winter Spring

• CA Length of Stay (days)	3.69	3.55
% Change	+2.4%	+0.7%
• CA Av. Exp (ppd)	\$88.20	\$86.80
% Change	+1.2%	+0.9%



Trends to Watch

- Generation X comes of age
- Luxury travel
- Heritage tourism
- Women traveling solo



www.visitcalifornia.com

Travel Industry: Research & Statistics

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